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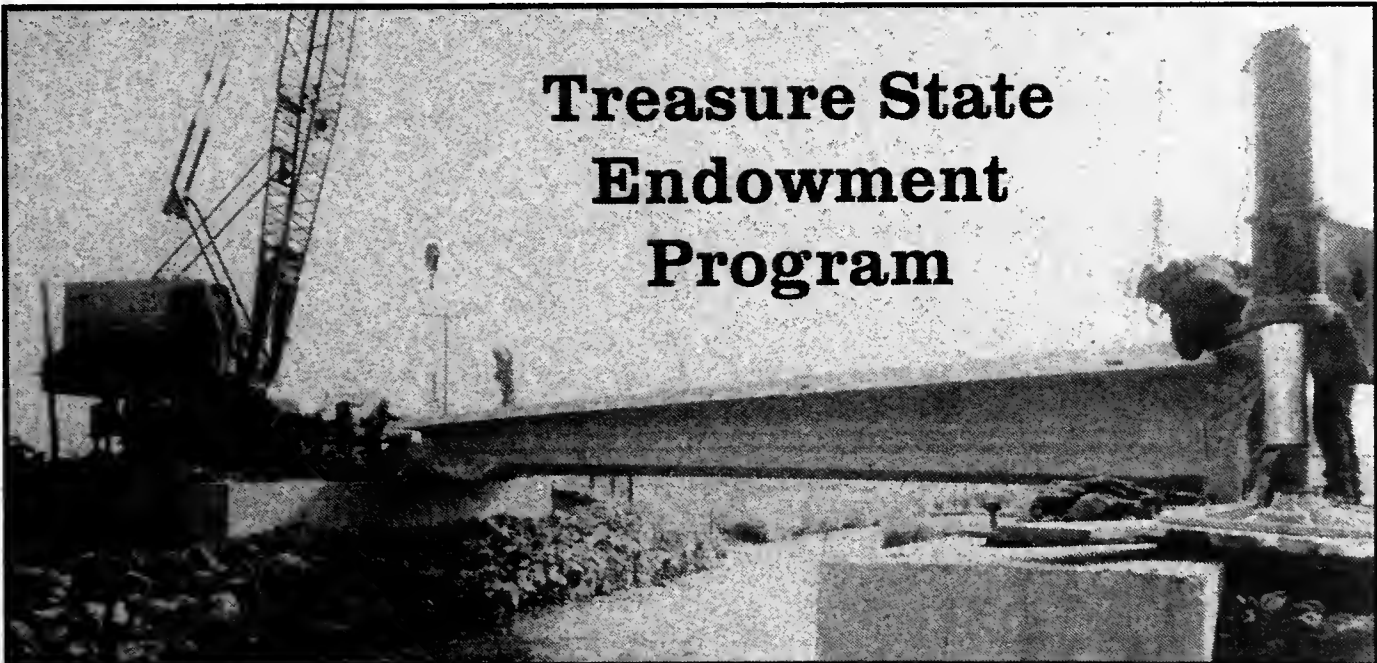
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Treasure State Endowment Program

**2005 Biennium Project Evaluation and Funding
Recommendations**

January 2003

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TREASURE STATE ENDOWMENT PROGRAM

2005 Biennium Project Evaluations and Funding Recommendations

**Montana Department of Commerce
Mark Simonich, Director**

January 2003

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PART 1

EXECUTIVE SUMMARY

1. The Treasure State Endowment Program (TSEP) was authorized by Montana voters with the passage of Legislative Referendum 110 in 1992. The law has been codified as Sections 90-6-701 through 90-6-710, MCA, as amended by the 1999 Legislature. See Appendix A for the complete text of the statute.
2. Eligible TSEP applicants include cities, towns, counties, consolidated governments, tribal governments, and county or multi-county water, sewer, or solid waste districts.
3. Eligible TSEP projects include drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges.
4. Eligible TSEP applicants may submit one application for up to \$500,000 for a TSEP grant to assist with funding a construction project. Applicants may also apply for loans in addition to a grant.
5. For the 2005 biennium, 55 applications from local governments were submitted to the Department of Commerce (MDOC) requesting \$21,902,149 in TSEP grant funds for local public facility construction projects. See Part 6 for a description, evaluation and recommendation for each application.
6. Based on revenue projections from the Governor's Office of Budget and Program Planning (OBPP), the department has estimated that \$15,817,695 in interest earnings from the treasure state endowment fund would be available for awarding TSEP grants to local governments to construct public facility projects. This is a net figure, after deducting administrative expenses, \$100,000 for emergency projects, and \$425,000 for preliminary engineering grants. Based on revenue projections from OBPP, it is projected that \$4,525,356 in interest earnings from the treasure state endowment regional water system fund would be available for the state's share of the cost to construct the two authorized regional water projects during the 2003 biennium. See Part 4 for more information on the amount of funds that would be available during the 2003 biennium.
7. Based on \$15,817,695 being available for grants, 40 projects have been recommended for funding. Each project would be guaranteed funding as long as grant recipients have met all start-up requirements before the end of the 2005 biennium. Three additional projects are recommended for funding contingent upon TSEP funds being available. See Tables 3 and 4 in Part 5 for more information on the rank order of projects and the amounts recommended.
8. The review and ranking of TSEP applications is a two-step process. First, the department is required by statute to review and rank TSEP project proposals and prepare a list of recommended projects, based on seven statutory priorities. Secondly, the department is also required by statute to recommend the form and amount of financial assistance for each project. The Governor reviews the department's recommendations and submits her recommendations to the Legislature. The Legislature makes the final decisions on funding awards. See Part 5 for more information about the review and ranking of TSEP applications.
9. The 1999 Legislature, during the special session in May 2000, passed a bill establishing a statutory appropriation of \$425,000 in each of the next two biennium to be used by the department to provide matching grants to local governments for preliminary engineering studies. The department awarded 40 matching grants for preliminary engineering studies to local governments with the 2003 biennium funds. The 2001 Legislature also appropriated \$100,000 for emergency projects. The department has funded four emergency projects to date with the 2003 biennium funds. See Part 2 for more information about the actions that the program has taken since the 2001 Legislature.

10. There are three issues that the department would like to bring to the Legislature's attention:

- ☐ First, the department is requesting that the Legislature authorize an additional TSEP position. The program needs a civil engineer on staff because of an increased workload (due to a steadily increasing number of TSEP projects and new duties related to funds appropriated for preliminary engineering studies and emergency projects). In addition to the increased workload, none of the current TSEP staff are qualified to evaluate technical engineering issues.
- ☐ Second, the program has received less revenue than was anticipated and awarded by the 2001 Legislature.
- ☐ Third, a recurring issue is whether or not to continue to authorize funding of some previously approved projects that have not yet moved to construction, or to what extent current grant recipients should be allowed to change the scope of their projects. Some projects are being referred back to the Legislature for its consideration of proposed major changes in project activities.

See Part 3 for more information about these key issues for the 2003 Legislature.

11. The department's research findings indicate that the principal reason why local public facilities are deficient is that most options for correcting deficiencies are simply not considered affordable by local residents. This finding is especially true for most of Montana's communities because these facilities are very expensive to construct, the cost is usually divided among a relatively small number of users, and the community may also need to upgrade other facilities at the same time. An article in the Montana Policy Review published in the Fall of 1992 by Kenneth L. Weaver, director of the Local Government Center at Montana State University, titled "*The Treasure State Endowment Program: A Question of Incentives*," reported that low interest loans may not provide sufficient incentive to communities to take on an expensive infrastructure project that will create user fees that will not be affordable to the users of the system. In summary, the article discussed how most of Montana's communities need significant grants to write down the total cost of projects and that some jurisdictions simply cannot service the long-term debt of a loan at any rate of interest. The TSEP program has been designed to help address this "affordability" problem.
12. Since the inception of the program, almost all TSEP applications have been for matching grants. Even when local governments have asked for or been awarded TSEP loans, the loans have never been utilized. Grants have been the preferred type of TSEP funding by local governments for various reasons. The first and most important reason is the affordability issue discussed above, which indicates that grants are needed to make most local projects financially feasible and affordable. Secondly, if a loan is appropriate, there are other state and federal loan programs available with better rates and terms for water and wastewater projects. Finally, grant funds are extremely limited. A loan may be recommended when a grant is reduced or not recommended at all, if there is no loan already proposed. There were no loans requested by local governments during this application cycle, and none were recommended by the department.
13. During the original legislative discussion of TSEP, legislators stated that applicants should make the maximum effort to pay for local public facility projects with their own resources before they ask the state to subsidize a local project. There was also a strong consensus among the local officials and legislators that participated in the original public hearings on TSEP that communities should participate in the funding of any public facility project in proportion to their financial resources. The challenge is to try to define a reasonable minimum level of local financial effort. In addition, the department had to find a way to determine whether an individual TSEP applicant needed a TSEP grant, loan, or a grant/loan combination to make the applicant's project affordable and feasible, yet ensuring that the applicant was proposing a reasonable level of local financial effort. In order to ensure that an adequate level of local financial effort is achieved, the department has established

"target rates" that applicants are expected to reach before grant funds are recommended for the project. Target rates are based on a percentage of a community's median household income, making target rates unique financial measures for each of Montana's communities and allowing TSEP staff to objectively compare the relative financial capacity of each applicant. See Part 5 for more information on the TSEP financial analysis procedures.

PART 2

ACTIONS TAKEN BY TSEP SINCE THE 2001 LEGISLATURE

Applications Reviewed

The program received 55 applications in 2002, which was a 37.5 percent increase over what the program has averaged previously. The dramatic increase in applications was primarily due to the number of applications received from county governments for bridge projects, which was approximately a 400 percent increase over what has typically been received in the past. A related reason for the increase was the matching grants now provided by TSEP for preliminary engineering studies.

Active Projects Administered

Projects are considered active from the time they have been awarded funding by the Legislature until they are substantially complete and "conditionally closed out." During this time period, the program's staff assists the local government in administering program funds and managing the project. Active projects are conditionally closed out when the project has been completed and accepted by the local government, and the local government has submitted documentation describing what was actually accomplished and expended by each funding source for the project. Once the project is conditionally closed out, the final disbursement of TSEP funds is provided to the local government.

The department started the 2003 biennium with approximately 68 active TSEP projects. There were 55 active projects at the end of FY 2002 and it is estimated that there will be approximately 36 active projects at the end of the 2003 biennium, not including any new projects that will result from the TSEP funds that will be awarded by the 2003 Legislature. A summary of all previously authorized projects that are still active is presented in Appendix C. Each project summary provides current information about the project, including the sources of funding and its status.

Preliminary Engineering Grants Awarded

The 2000 special session of the 56th Legislative Assembly statutorily appropriated \$425,000 for each biennium beginning in FY 2002, and ending at the end of FY 2005, for the purpose of providing communities with matching grants for preliminary engineering work. The department developed the new program and awarded 40 matching grants totaling \$423,479 in order for local governments to study their public facilities. Twenty-seven of those studies have been completed and closed out. The TSEP matching grants for preliminary engineering have proven to be an important resource for smaller communities, counties, and county water and sewer districts to initiate local public facility projects. Of the 55 applications reviewed in 2002, 24 of the local governments also received a grant to help fund their preliminary engineering study. Four additional applications for preliminary engineering grants have been received, and are waiting to be awarded funding from the 2005 biennium's funds. See Appendix D for a listing of the preliminary engineering grants that have been awarded by the department.

Emergency Grants Awarded

The 2001 Legislature appropriated \$100,000 to be used by the department to award grants to local governments for emergency public facility projects that could not wait for legislative approval. The department established a general limit of \$30,000 per project. Four emergency projects have been funded to date:

Beaverhead County for the Jackson Water and Sewer District – A \$25,000 TSEP emergency grant was awarded. This was combined with a \$25,000 from DNRC emergency grant and \$74,209 from the

district, to repair a failed community septic tank. The project was required as a result of groundwater infiltrating into the failed septic tank, which overloaded the entire system. It was located next to the school and there were sewer backups and surface discharges. In addition, the septic tank was not adequately treating the raw sewage. It was potentially polluting the ground water and there was considerable opportunity for humans to come into contact with raw sewage. The septic tank was constructed of concrete culvert sections that had settled and pulled apart. There was no backup system. The existing septic tank was abandoned, a new 10,000-gallon septic tank installed, and a new lift station constructed.

Fort Peck Tribes – A \$12,323 TSEP emergency grant was awarded to repair an elevated drinking water storage reservoir. A 75,000-gallon elevated water storage reservoir for the community of Frazer (operated by the Fort Peck Tribe) was taken out of service last winter due to a leak of unknown cause, but probably freezing. The system was being operated without storage, so there was very limited fire protection, and the users, particularly the school, experienced low pressures and no water at times. A power outage could have put the system out of service, since there is no gravity flow. The tank was repaired, a re-circulating pump system was installed to prevent internal freezing, and additional sway braces were attached.

Town of Lodge Grass – A \$14,530.16 TSEP emergency grant was awarded to help the town to pay for replacing a water pump. Both of the town's two well's pumps broke down, just weeks apart. The first pump that broke down (City Hall Well) was replaced, but when the other pump (Park Well) broke down most of the homes were without water because the one well could not provide sufficient pressure to reach higher elevations and provide adequate water to all parts of the system. There were approximately 700 citizens without water for almost two months. Porta-potties were brought in and bottled water was provided to residents. The loss of the town's water supply also had a major impact on being able to operate the school. The town was seeking help to pay for both of the repairs; however, TSEP provided a grant for only a portion of the requested amount. The first pump burnt out because the screens protecting the pump were clogged and the pump was sucking dry air. As a result, the cause of the first pump breaking down was related to lack of proper operation and maintenance, and not to a true emergency. In addition, the town had a chlorination unit installed on the well to help reduce future fouling of the well. This was a new capital improvement and not required to resolve the immediate problem. The Park Well, on the other hand, was apparently struck by lightning, which was clearly an unforeseen event. The contractor confirmed that all of the wiring and electrical components were burnt and blackened. A chlorination unit was also installed on the second well, which again was a new capital improvement and not required to resolve the immediate problem. The department paid to repair the pump and associated equipment that had been struck by lightning.

Town of Geraldine – A \$25,000 TSEP emergency grant was awarded to help the town to pay for rerouting a section of blocked sewer main. An older sewer main that collected wastewater from approximately a third of the town developed a blockage and was in imminent risk of collapsing if any further actions were taken to unblock the main. Wastewater was frequently backing up into several houses. If the main had collapsed, a significant portion of the town would not have sanitary sewer. In addition to the main being old and deteriorated, the blocked main was situated underneath a house, which was inadvertently built on top of the main in the 1960s. As a result, approximately 400 feet of pipe was installed in the right-of-way in the alley, along with four new manholes.

The department received several other inquiries and requests for emergency funding in FY 2002, but none were funded because the situations were not deemed to be true emergencies. The department has \$23,146.84 remaining to award for emergency projects for the remainder of FY 2003.

Regional Water System Projects

The 1999 Legislature created the treasure state endowment regional water system fund to provide a portion of the cost to construct large regional water system projects. Two projects have been authorized by the Legislature to access these funds. The Fort Peck Indian Reservation/Dry Prairie Regional Water

System (DPRWS) will serve the northeastern portion of the state north of the Missouri River and east of Glasgow, with water from the Missouri River. The Rocky Boy's Indian Reservation/North Central Montana Regional Water System (NCMRWS) will serve a large area encompassing the Rocky Boy's Indian Reservation on the east, west to the area around Interstate 15, and north to the Canadian border, with water obtained from Tiber Reservoir. The U.S. Congress has also authorized both of these regional water system projects. The department's staff, along with staff from numerous other state and federal agencies, meet on a regular basis to discuss the progress of these projects and to coordinate agency actions.

The core components of the DPRWS project, the water treatment plant that will be located on the reservation and water distribution mains serving the Fort Peck Indian Reservation, will be funded entirely by the federal government. Seventy-six percent of the total cost of the distribution mains to serve the off-reservation users of the system will be paid for by the federal government. The remaining 24 percent will come from a local match that will be split between the regional water system authority, which will provide the water to the off-reservation users of the system, and the State of Montana. The estimate to complete the entire DPRWS project is estimated at \$220 million, with the amount attributable to the off-reservation portion of the system at \$76.6 million. The local match is estimated to be \$18.4 million.

Congress has appropriated approximately \$1.5 million for the DPRWS project for final engineering and the environmental assessment. Both the final engineering report and final environmental assessment are in the final stages of preparation for submittal to Congress, which will hopefully appropriate \$7-8 million for FY 2003 in order to begin construction. The regional water system authority plans to construct the water main between Culbertson and Medicine Lake next year, at which time the state's share will be required. Even though the construction of the regional water treatment plant has not yet been started, constructing this water main would allow Culbertson to provide drinking water to both Froid and Medicine Lake from its water system. Medicine Lake is having serious problems with its treatment plant and this would resolve that issue. Froid is utilizing a complex water treatment system that is very expensive to operate. By accessing Culbertson's water, both communities would be able to disconnect from their treatment plants, and be able to obtain good water that is reasonably priced. This would be a temporary solution, for once the regional water system is completed, all three communities would use treated water obtained from the new treatment plant to be located between Poplar and Wolf Point. The distribution main connecting these communities would be part of the overall distribution system for the DPRWS.

The core components of the NCMRWS project, the water treatment plant and water mains to serve the Rocky Boys Indian Reservation, will be funded entirely by the federal government. The water treatment plant for this system will be located at Tiber Reservoir, off of the reservation, with a water main approximately 55 mile long to carry the water to the reservation. Unlike the DPRWS project, when Congress recently authorized the NCMRWS project, it required that the additional cost needed to build the treatment plant and the main carrying the water to the reservation large enough to serve the off-reservation areas of the system, be paid for by the off-reservation users of the system. However, Congress also agreed to increase the federal share of the project; therefore, 80 percent of the total cost of the project attributable to the off-reservation portion of the system will be paid for by the federal government. The remaining 20 percent will come from a local match that will be split between the regional water system authority, which will provide the water to the off-reservation users of the system, and the State of Montana. The estimate to complete the entire NCMRWS project was recently increased to \$229 million, with the amount attributable to the off-reservation portion of the system at \$92 million. The local match is estimated to be \$18.4 million. The NCMRWS project was only recently authorized for funding in November 2002, and no funds have yet been appropriated to proceed with the project. The department does not anticipate needing to provide any of the state's share for the construction of this project for probably a couple of years.

The 2001 Legislature appropriated up to \$2,358,058 for the 2003 biennium to provide the state's share for regional water system projects. Neither of the two systems has yet accessed the state's funds. Based on revenue projections from the Governor's Office of Budget and Program Planning, \$4,525,356 in interest earnings from the treasure state endowment regional water system fund would be available during the 2003 biennium. However, the Department of Natural Resources and Conservation (DNRC) is proposing

to request that \$126,023 be used to fund the DNRC regional water system coordinator position, and a total of \$534,000 to be provided to the two authorized regional water system authorities as non-matching grants. The grants, which is a continuation of state support to these projects and was previously provided from the state general fund and the resource indemnity trust fund, would be used by the regional water system authorities to fund planning, engineering, and lobbying efforts needed to obtain federal funds for the construction of the projects. That would leave \$3,865,333 for the state's share of the cost to pay for construction activities that would require local matching funds.

Revision of the TSEP Application Guidelines

The department extensively revised the *TSEP Application Guidelines* in order to include information about the new types of TSEP funding (preliminary engineering matching grants and emergency grants). In addition, a variety of other amendments were made, including one major change: a provision was added that allows the department to recommend to the Legislature an amount greater than what is requested by applicants, including exceeding the \$500,000 grant ceiling, in order to ensure that applicants with serious and urgent health and safety problems are not unduly burdened by unreasonably high user rates. The provision also allows the department to recommend increased funding for projects approved by previous legislatures in order to move projects forward that have had difficulty obtaining matching funds and that otherwise may not get constructed. The possibility of this change was discussed with the Joint Long-Range Planning Subcommittee during the 2001 Legislature.

A recommendation for increased funding under either of the two situations would be made only after taking into account the total amount of funds available for grants, the number of applicants and the seriousness of the problems to be resolved. The recommendation for awarding additional funds would be limited to projects that can meet the same tests required for a hardship grant. The department would only recommend enough additional funding that would be sufficient to bring the projected user rates down to 200 percent of the target rate. The department decided not to recommend any projects for additional funding because of the possibility that numerous applicants would not be funded through the 2003 Legislature.

PART 3

KEY ISSUES FOR THE 2003 LEGISLATURE

TSEP Related Bills Submitted to the Legislature

HB 11 – In addition to appropriating funds for construction projects from the treasure state endowment fund, HB 11 would also appropriate \$100,000 from the fund for emergency public facility projects as needed to address critical public health and safety issues that could not wait for legislative approval. In addition, HB 11 would also appropriate \$3,865,333 from the treasure state endowment regional water system fund to pay the state's share of the two authorized regional water system projects: the Dry Prairie Regional Water Project and the North Central Montana Regional Water Project.

Request for an Additional FTE

The department is requesting that the Legislature authorize an additional TSEP position. The program needs a civil engineer as part of the TSEP staff, because of increased workload (due to a steadily increasing number of TSEP projects and new duties related to funds appropriated for preliminary engineering studies and emergency projects). In addition, none of the current TSEP staff are qualified to address the technical engineering issues that continually arise with TSEP projects.

The staffing for the program has not changed since 1994, while the workload has steadily grown. The number of projects awarded TSEP funds has gradually increased since 1993, when the first projects were awarded funding by the Legislature. There were 19 projects awarded funding in 1993, 15 in 1995, 22 in 1997, 28 in 1999, and 33 in 2001. In addition, funding was appropriated for the two regional water projects in 2001. This has been a 57 percent increase in projects funded since 1995. The number of projects awarded funding each biennium will continue to increase at the rate of approximately four to six projects each biennium as the treasure state endowment fund continues to grow. Each grant requires a considerable amount of time to administer until the project is closed out, which is typically two to four years after funds are awarded. Currently, there are 55 grants that are being administered that have not been closed out. It is estimated that the program will have approximately 70 active projects being administered beginning in FY 2004.

In addition, the program started providing grants for preliminary engineering studies in 2001 as a result of a statutory appropriation that was passed by the 56th Legislature. In the first year, TSEP awarded 40 grants for preliminary engineering studies, which it is administering. Funds were also appropriated in 2001 for TSEP to provide grants for emergency projects for the first time. A total of four emergency projects have been funded to date, but several other inquiries and requests have been received since the 2001 Legislature that have required staff time to respond to.

Finally, the program received 55 applications in 2002, which was a 37.5 percent increase over the 40 that the program has averaged previously. The dramatic increase in applications was primarily due to the number of applications received from county governments for bridge projects, which was approximately a 400 percent increase over what has typically been received in the past. Each application requires a considerable number of hours to review and the increase in the number of applications results in the TSEP staff having less time to review each application. The natural growth of funds available to award to projects, the availability of matching grants for preliminary engineering studies, and the surge in the number of bridge applications, suggests that it is likely that the program will be reviewing a similar or greater number of applications in 2004.

In addition to the increased workload, the program does not have any staff qualified to address technical engineering issues, which is important to properly operate the program. With the new funds available for

preliminary engineering studies, the current TSEP staff is limited to reviewing the reports produced by local governments for only the most basic requirements. The TSEP staff is not qualified to review the reports at a technical level and provide any technical comments on potential deficiencies of the reports. An engineer on staff would also be qualified to perform some of the engineering reviews required when TSEP receives applications each biennium, thereby reducing the cost of consulting services. A staff engineer would also be able to evaluate the technical performance of engineers contracted with to perform these reviews, and would be better able to ensure greater consistency and quality in the engineering review process. In addition, once a project is awarded funding for a construction project, none of the TSEP staff are able to properly evaluate technical engineering issues related to project plans and specifications, or monitor work progress from a technical standpoint. Since the Department of Transportation (MDT) does not review bridge projects constructed by counties, a staff engineer would also be able to provide a review of proposed bridge designs funded by TSEP. Finally, none of the TSEP staff are able to properly evaluate requests for emergency funding since they are not qualified to determine the validity of the emergency. A staff engineer would be able to properly evaluate whether using scarce emergency monies to fund a project is justified.

Potential Shortage of TSEP Funds for 2003 Biennium Projects

Thirty-two projects were authorized to receive funding during the 2003 biennium; however, based on the interest earnings on the treasure state endowment fund actually received in FY 2002, it appears that there will be a shortfall needed to fund all 32 projects. The projected amount for FY 2002 was \$7,088,000, but only \$6,804,840 was actually earned, which is \$283,160 less than what had been projected for FY 2002. If that trend continues in FY 2003, the amount of funds that were projected to be available for the 2003 biennium could be short by approximately \$600,000.

However, one recipient of TSEP funds awarded by the 2001 Legislature, the City of Havre, recently notified the department that they no longer need the TSEP funds as a result of changing circumstances. The contract with the city has been terminated, and therefore, that \$500,000 can be used to lessen the impact of a shortage. In addition, some of the local governments awarded funding will likely not have completed their start-up conditions within the 2003 biennium, based on past experience. As a result, the awardees would lose their guarantee to receive funding, and would possibly not receive the funds awarded to them if there is a shortfall in funds. The local governments awarded TSEP funds by the 2001 Legislature are only guaranteed funding if they have met the start-up conditions by the end of the 2003 biennium. The remaining shortage should only impact one project.

As a result, the department does not anticipate that any 2003 biennium projects would require funding from 2005 biennium revenues. However, the possibility does exist that projects authorized funding by the 2001 Legislature may need to be provided revenues earned during the 2005 biennium.

Referral of Current Projects for Consideration of Continued Funding

The department refers previously approved projects back to the Legislature for its consideration of whether to continue funding the project if:

1. the grant recipient has not commenced or completed its project in a timely manner, or
2. the local government requests a modification that significantly affects the scope of work or budget that would materially alter the intent and circumstances under which the application was originally ranked by the department and approved by the Governor and Legislature.

At the time this report went to print, the department was prepared to refer only one project back to the Legislature:

Town of Ekalaka: The town was awarded a TSEP grant in 1999, in the amount of \$87,200, to replace two sections of sewer main. Upon further engineering investigation, the town determined that one of the mains was not as serious a problem as first thought and decided not to replace that main. In addition, since the TSEP funds were awarded in 1999, the Department of Environmental Quality (DEQ) has issued discharge permit violations and is requiring the town to add a disinfection system to their effluent stream by December 31, 2003. The TSEP funds awarded to the town have not been provided to the town as a result of it wanting to change the scope of the project. The town re-applied to TSEP this funding cycle requesting a larger amount. The town is recommended for funding (project #37), assuming that there are no reductions in the amount that would be available to fund TSEP projects. Part of the recommendation for funding the project is that the TSEP grant awarded in 1999 be terminated, allowing those funds to be used by other projects awarded funding in 1999. If funding is reduced and the town is no longer above the cut-off line for funding, the TSEP staff recommends that the town be allowed to change the scope of the project, so as to utilize the funds awarded in 1999.

No other projects were identified for referral at the time this report went to print, but others may be presented to the Joint Long-Range Planning Subcommittee.

PART 4

FUNDS AVAILABLE TO THE 2003 LEGISLATURE

Treasure State Endowment Fund

Under 17-5-703, MCA, there is a separate sub-fund called the treasure state endowment fund (the "TSE fund"), established within the coal severance tax trust fund (the "trust") to generate ongoing funding for TSEP projects. As a sub-fund of the trust, the TSE fund principal is afforded the same constitutional protection as the principal in the trust. The Montana constitution states, "The principal of the trust shall forever remain inviolate unless appropriated by a vote of three-fourths of the members of each house of the Legislature."

On July 1, 1993, \$10 million was transferred from the trust to the TSE fund, and 50 percent of the coal severance taxes started transferring from the trust to the TSE fund for a 20-year period. In 1999, the Legislature increased the percent of the coal severance taxes earmarked for the TSE fund from 50 percent to 75 percent. Beginning on July 1, 2003, the percent of the coal severance taxes earmarked for the TSE fund will return to 50 percent as a result of legislation passed by the 2001 Legislature. The diagram on the next page illustrates the mechanics of the flow of funds into the trust, and then into the permanent fund, the treasure state endowment fund and the treasure state endowment regional water system fund. The interest earnings on the principal of the TSE fund provide the funds spent to administer the program and for the TSEP grants.

Based on revenue projections provided by the Governor's Office of Budget and Program Planning (OBPP), it has been projected that \$17,210,000 would be available for the 2005 biennium. After subtracting out the proposed expenditures of \$1,392,305 (\$867,305 for administrative expenses, \$425,000 for preliminary engineering grants, and \$100,000 for emergency grants), \$15,817,695 would be available for matching construction grants during the 2003 biennium. This figure is subject to change as a result of the actual expenses incurred and actual fund earnings received during the biennium. The fund earnings can change as a result of the actual coal severance taxes received by the state and the rate of interest that the TSE fund earns.

Table 1 on page 18 shows the actual deposits into the TSE fund, along with the interest earnings, from FY 1994 to FY 2002.

Treasure State Endowment Regional Water System Fund

Under 17-5-715, MCA, there is a separate sub-fund called the treasure state endowment regional water system fund (the "RWS fund"), established within the trust. The RWS fund was created in 1999 by the Legislature to provide a portion of the cost to construct large regional water system projects. Twenty-five percent of the coal severance taxes that go into the trust are earmarked to flow into the RWS fund until 2016, at which time the coal severance taxes flowing into the RWS fund will cease and the RWS fund itself will no longer exist.

Revenues generated by interest earnings on the principal of the RWS fund are used to provide the state's share on authorized regional water projects. Only the interest earnings on the RWS fund may be spent. Based on revenue projections provided by OBPP, it has been projected that \$4,525,356 would be available for the 2005 biennium.

Table 2 on page 18 also shows the actual deposits into the RWS fund, along with the interest earned on the RWS fund, from FY 2000 to FY 2002.

DIAGRAM 1

Coal Severance Tax Deposits into the Coal Trust Fund Effective July 1, 2003

(50 percent of total coal severance tax collections)

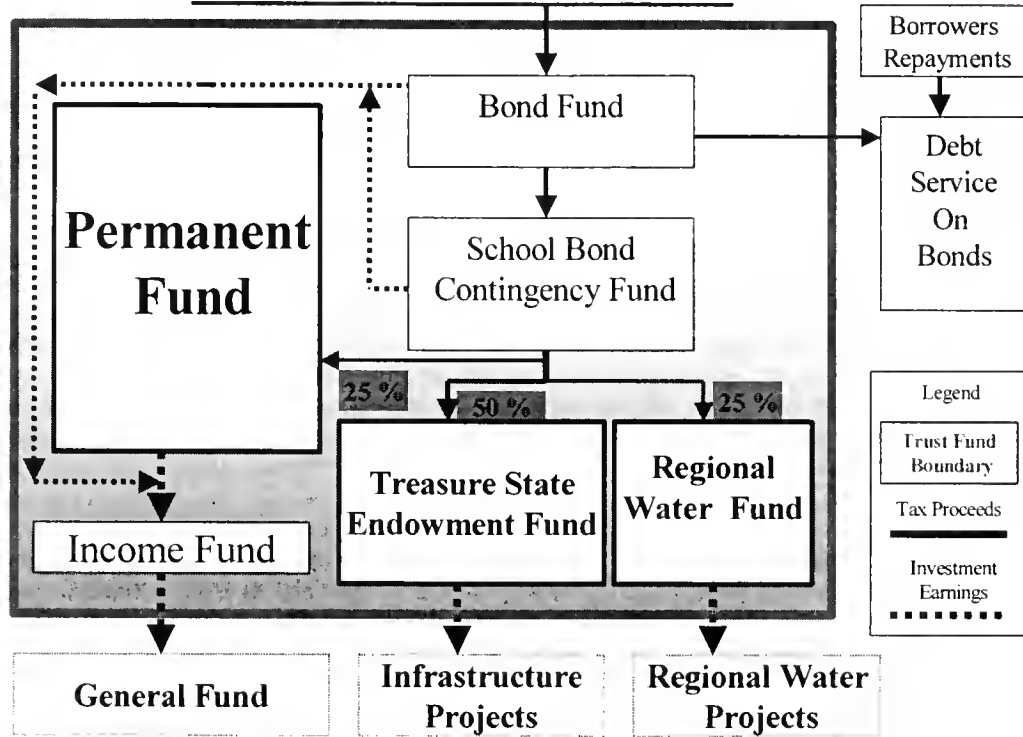


TABLE 1

**ACTUAL COAL SEVERANCE TAX DEPOSITS INTO THE
TREASURE STATE ENDOWMENT FUND
AND ACTUAL INTEREST EARNINGS**

Operating Year	Annual Deposits To The TSE Fund (Principal)	Cumulative TSE Fund Principal	Annual Interest Earnings	Cumulative Interest Earnings
Initial Deposit	\$10,000,000			
1 FY '94	\$9,809,476	\$19,809,476	\$928,696	\$928,696
2 FY '95	\$9,910,610	\$29,720,086	\$1,810,151	\$2,738,847
3 FY '96	\$8,787,910	\$38,507,996	\$2,916,499	\$5,655,346
4 FY '97	\$9,151,139	\$47,659,135	\$3,453,907	\$9,109,253
5 FY '98	\$8,720,156	\$56,379,291	\$4,250,377	\$13,359,630
6 FY '99	\$8,361,643	\$64,740,934	\$4,772,585	\$18,132,215
7 FY '00	\$12,189,836	\$76,930,770	\$5,123,375	\$23,255,590
8 FY '01	\$10,733,368	\$87,664,138	\$5,801,525	\$29,057,114
9 FY '02	\$11,646,533	\$99,310,671	\$6,804,839	\$35,861,953

TABLE 2

**ACTUAL COAL SEVERANCE TAX DEPOSITS INTO THE
TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM FUND
AND ACTUAL INTEREST EARNINGS**

Operating Year	Annual Deposits TSERWS Fund (Principal)	Cumulative TSERWS Fund Principal	Annual Interest Earnings	Cumulative Interest Earnings
1 FY '00	\$3,409,919	\$3,409,919	\$32,058	\$32,058
2 FY '01	\$3,577,789	\$6,987,708	\$402,222	\$434,208
3 FY '02	\$3,882,178	\$10,869,886	\$643,133	\$1,077,341

PART 5

TSEP APPLICATION EVALUATION, RANKING AND RECOMMENDATION PROCESS

Process MDOC Uses to Recommend TSEP Projects for Funding

The process that the department uses to make its funding recommendations is based on the following principles:

1. In compliance with the intent of the statute, the applicants' scores on the seven statutory priorities provide the overall rank order of applicants;
2. The statute also requires the department and the Governor to recommend the form and amount of the TSEP financing. Applicants with water, wastewater and solid waste projects are only recommended for a grant if their projected user rates at the completion of the project will be at or above the applicant's "target rate." The applicant's target rate is a predetermined benchmark or "target" based on a percentage of the community's median household income. If a grant is not recommended, a TSEP loan may be recommended if a loan source has not already been identified; and
3. Projects that appear to have major technical or financial feasibility problems are not recommended for funding.

STEP ONE OF THE PROCESS, RANKING OF PROJECTS BASED ON THE SEVEN STATUTORY PRIORITIES

Based on state statute (90-6-710 (2), MCA), and the precedents established by the department, the Governor, and the Legislature in the past funding cycles, the department uses a two-step process to develop the recommendations provided to the Governor and the Legislature. In the first step, the applications are scored and ranked according to the seven statutory priorities. The seven statutory priorities consider the extent to which the proposed projects:

1. Solve urgent and serious public health or safety problems and enable local governments to meet state or federal health or safety standards;
2. Reflect greater need for financial assistance than other projects;
3. Incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;
5. Reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources.
6. Enable local governments to obtain funds from sources other than TSEP;
7. Provide long-term, full-time job opportunities for Montanans, or provide public facilities necessary for the expansion of a business that has a high potential for financial success, or Maintain or do not discourage expansion of the tax base; and
8. Are high local priorities and have strong community support.

The TSEP applications were analyzed by the department's staff and consulting engineers. The department contracted with eight engineering firms to review and analyze each of the preliminary engineering reports submitted with the applications. The consulting engineers met as a team, along with the department's TSEP ranking team, to score the first and third statutory priorities for each application. The department's TSEP ranking team scored the remainder of the seven statutory priorities. The ranking team used a consensus approach in applying the scoring criteria to assure consistency and fairness. With the exception of statutory priority #2, the scoring of each statutory priority is scored using five quintiles with each scoring level being pre-defined. The pre-defined scoring levels for each of the statutory priorities are described at the end of this section.

In order to score statutory priority #2 (financial need), the department analyzes each applicant's relative financial need compared to other like applicants. This financial assessment uses two indicators:

Indicator 1. Economic Condition of Households Analysis - This indicator provides a comparative measure of the ability of the applicant's citizens to pay for public utility services and taxes, and accounts for 40 percent of the score for statutory priority #2. It consists of ranking each applicant in relation to the community's "median household income" (MHI), the percent of persons in the jurisdiction at or below the level designated as "low to moderate income" (LMI), and the percent of persons at or below the level designated as "poverty". MHI is calculated by the U.S. Bureau of the Census as the amount of household income above and below which the household incomes in a jurisdiction are equally distributed. In other words, there are as many households with incomes above MHI as there are below MHI. These three statistics - MHI, LMI and poverty - provide a means of identifying concentrations of population that have relatively less ability to pay for public services.

Each of the three sub-indicators account for 33 percent of the total score for indicator #1. Being ranked 1st indicates that the community has the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.

Indicator 2. Financial Analysis - The second indicator accounts for 60 percent of the score for statutory priority #2. The type of analysis used depends on the type of project.

Water, Wastewater, or Solid Waste Projects

For water, wastewater, and solid waste projects, the analysis is based on "target rate analysis." The analysis is used by the department to help determine the amount of grant funds a community needs to ensure that user rates will be reasonably affordable for its citizens. Target rate analysis compares the applicant's projected user rates to predetermined benchmarks or "targets." Target user rates are based on a percentage of the MHI of the community. This approach has been used by the U.S. Department of Agriculture's Rural Development/Rural Utilities Service program and the department's Community Development Block Grant program for many years.

Target rate percentages were computed by surveying communities throughout Montana. The average, monthly water, wastewater, and solid waste rates currently paid by the communities surveyed were compared to each of their individual MHI's in order to determine a ratio. These ratios were then averaged and the following target rate percentages were derived: 1.4 percent for water systems, 0.8 percent for wastewater systems, and 0.4 percent for solid waste systems.

The target rate analysis compares the applicant's projected user rate to its target rate. An applicant's target rate was computed by multiplying the community's MHI by the appropriate target rate percentage. For applicant's that have both a water and wastewater system, the combined rates were analyzed using a combined target rate percentage of 2.2 percent. This is done to ensure that the low rates for an applicant's wastewater system did not ignore the high rates that are charged for the water system (or vice versa), thereby understating an applicant's need for financial assistance.

Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.

Bridge Projects

The financial analysis of application's proposing a bridge project were analyzed in a different manner, since they are funded through general taxes, as compared to user fees which are used to fund most water, wastewater, or solid waste infrastructure projects. Instead, the analysis for the bridge projects looked at past efforts by applicants to finance their bridge systems using property taxes.

The financial analysis for bridge applicants is primarily based on two sub-indicators. The first sub-indicator measures the residential property tax burden as a percentage of the county's MHI. This is accomplished by evaluating the residential portion of both the property tax levy for bridges and total mill levy, as a percentage of MHI. The purpose of this sub-indicator is to measure the property tax burden on residential taxpayers relative to other counties, and more specifically, the residential property tax burden related to taxes being levied for bridges. By looking at what counties were levying for bridges in 2001, the department has determined that the median county property tax levy for bridges statewide is approximately equal to .04 percent of a county's MHI. The median is computed using only those counties that use some local property tax revenues to fund their bridge systems. For counties with an all purpose levy, the analysis used that portion of the levy that is used for its bridge system. In order for a county to be competitive in the financial analysis, it should be currently levying for bridges, and/or have committed to levy for bridges in the next budget year, an amount equal to or greater than .04 percent of a county's MHI. The state median in 2001 for the total residential property tax burden is 2.78 percent of a county's MHI. Counties that are levying an amount equal to or greater than the state median were also more competitive in the financial analysis.

The second sub-indicator measures the effects of changes in the applicant's ability to levy taxes. This is accomplished by evaluating changes in mill value, number of bridge mills levied, and the actual bridge levy. In general, in order for a county to be competitive in the financial analysis, it should be levying for bridges, or have committed to it for the next year, an amount equal to or greater than what was being levied in 1986 (the year that the taxation restrictions imposed by Initiative 105 took effect). However, if a county is levying less than it was in 1986, the department took into account decreases in the county's mill value and whether the number of bridge mills were increased in an attempt to maintain the bridge levy at a level similar to 1986.

Final Competitive Ranking Score on Statutory Priority #2 - The results from indicators 1 and 2 were added together on a weighted basis to determine an applicant's final score on statutory priority #2.

2002 TSEP RANKING SCORES FOR THE SEVEN STATUTORY PRIORITIES CHART

APPLICANT	Statutory Priority #1: Solves Urgent Health/Safety Problems or Meets Health/Safety	Statutory Priority #2: Financial Need	Statutory Priority #3: Technical Design	Statutory Priority #4: Planning and Management of Facility	Statutory Priority #5: Funds From Other Sources	Statutory Priority #6: Jobs or Business Expansion or Tax Base	Statutory Priority #7: Public Support	R a n k i n g	Total Points Possible 4,900
	Levels: 5=1000 4 = 800 3 = 600 2 = 400 1 = 200	Maximum Possible Points 900	Levels: 5 = 800 4 = 640 3 = 480 2 = 320 1 = 160	Levels: 5 = 700 4 = 560 3 = 420 2 = 280 1 = 140	Levels: 5 = 600 4 = 480 3 = 360 2 = 240 1 = 120	Levels: 5 = 500 4 = 400 3 = 300 2 = 200 1 = 100	Levels: 5 = 400 4 = 320 3 = 240 2 = 160 1 = 80		
Lewis & Clark County (B)	4 800	576	5 800	5 700	5 600	2 200	5 400	1	4,076
Geyser Judith Basin (W)	5 1000	792	4 640	3 420	5 600	2 200	5 400	2	4,052
Madison Co. (B)	4 800	612	5 800	4 560	5 600	3 300	4 320	3	3,992
Chinook (WW)	3 600	828	4 640	5 700	5 600	3 300	4 320	4	3,988
Sweet Grass Co. (B)	4 800	756	5 800	3 420	5 600	2 200	5 400	5	3,976
Stillwater Co. (B)	4 800	648	5 800	3 420	5 600	3 300	5 400	6	3,968
Power-Teton W&S (W)	4 800	684	5 800	3 420	5 600	2 200	5 400	7	3,904
Richland Co. (B)	4 800	756	4 640	5 700	4 480	2 200	4 320	8	3,896
Stanford (W)	4 800	612	5 800	4 560	4 480	2 200	5 400	9	3,852
Hamilton (W)	4 800	792	3 480	5 700	4 480	4 400	2 160	10	3,812
Troy (W)	5 1000	792	3 480	4 560	3 360	2 200	4 320	11	3,712
Scobey (WW)	4 800	540	5 800	3 420	5 600	2 200	4 320	12	3,680
Missoula (WW)	4 800	288	5 800	5 700	4 480	2 200	5 400	13	3,668
Blaine Co. (B)	5 1000	900	3 480	2 280	4 480	2 200	4 320	14	3,660
Upper/Lower River Rd. W&S (W/WW)	5 1000	540	5 800	3 420	4 480	1 100	4 320	15	3,660
Polson (W)	3 600	684	4 640	5 700	4 480	2 200	4 320	16	3,624
Conrad (W)	4 800	468	4 640	5 700	3 360	3 300	4 320	17	3,588
Glendive (SD)	5 1000	360	4 640	4 560	4 480	2 200	4 320	18	3,560
Sheaver's Creek W&S (W)	5 1000	540	3 480	3 420	5 600	2 200	4 320	19	3,560
Gallatin Co. (B)	3 600	540	4 640	4 560	5 600	2 200	5 400	20	3,540

KEY: B = BRIDGE

SD = STORMWATER

SW = SOLIDWASTE

W = WATER

WW = WASTEWATER

WW/SD = WASTEWATER/STORMWATER SEPARATION

2002 TSEP RANKING SCORES FOR THE SEVEN STATUTORY PRIORITIES CHART

APPLICANT	Statutory Priority #1: Solves Urgent Health/Safety Problems or Meets Health/Safety	Statutory Priority #2: Financial Need	Statutory Priority #3: Technical Design	Statutory Priority #4: Planning and Management of Facility	Statutory Priority #5: Funds From Other Sources	Statutory Priority #6: Jobs or Business Expansion or Tax Base	Statutory Priority #7: Public Support	R a n k i n g	Total Points Possible 4,900
	Levels: 5=1000 4 = 800 3 = 600 2 = 400 1 = 200	Maximum Possible Points 900	Levels: 5 = 800 4 = 640 3 = 480 2 = 320 1 = 160	Levels: 5 = 700 4 = 560 3 = 420 2 = 280 1 = 140	Levels: 5 = 600 4 = 480 3 = 360 2 = 240 1 = 120	Levels: 5 = 500 4 = 400 3 = 300 2 = 200 1 = 100	Levels: 5 = 400 4 = 320 3 = 240 2 = 160 1 = 80		
Gardiner (W)	5 1000	288	5 800	4 560	3 360	2 200	4 320	21	3,528
Green Meadow W&S (W)	5 1000	396	5 800	3 420	4 480	1 100	4 320	22	3,516
Geraldine (W)	4 800	540	4 640	4 560	3 360	2 200	4 320	23	3,420
Missoula Co (WW)	4 800	468	4 640	4 560	5 600	1 100	3 240	24	3,408
Ramsay W&S (W)	4 800	288	5 800	3 420	4 480	2 200	5 400	25	3,388
Cooke City (W)	5 1000	360	4 640	2 280	4 480	3 300	4 320	26	3,380
Worden-Ballentine WS (W)	4 800	360	5 800	3 420	4 480	2 200	4 320	27	3,380
Wolf Point (WW)	3 600	792	2 320	4 560	4 480	3 300	4 320	28	3,372
Ryegate (W)	4 800	504	4 640	3 420	4 480	2 200	4 320	29	3,364
Cascade County (B)	4 800	432	3 480	3 420	5 600	2 200	5 400	30	3,332
Libby (W)	4 800	720	3 480	3 420	4 480	1 100	4 320	31	3,320
Wisdom (WW)	4 800	576	4 640	3 420	2 240	2 200	5 400	32	3,276
Hill County (B)	3 600	432	5 800	3 420	4 480	2 200	4 320	33	3,252
Jordan (W)	4 800	504	4 640	3 420	3 360	2 200	4 320	34	3,244
Pablo-Lake Co W&S (WW)	3 600	792	2 320	4 560	3 360	2 200	5 400	35	3,232
Ekalaka (WW)	3 600	900	2 320	4 560	4 480	2 200	2 160	36	3,220
Pondera Co. (B)	3 600	648	3 480	3 420	4 480	3 300	3 240	37	3,168
Black Eagle (WW)	3 600	504	4 640	3 420	4 480	2 200	3 240	38	3,084

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WW/SD = WASTEWATER/STORMWATER SEPARATION

2002 TSEP RANKING SCORES FOR THE SEVEN STATUTORY PRIORITIES CHART

APPLICANT	Statutory Priority #1: Solves Urgent Health/Safety Problems or Meets Health/Safety	Statutory Priority #2: Financial Need	Statutory Priority #3: Technical Design	Statutory Priority #4: Planning and Management of Facility	Statutory Priority #5: Funds From Other Sources	Statutory Priority #6: Jobs or Business Expansion or Tax Base	Statutory Priority #7: Public Support	R a n k i n g	Total Points Possible 4,900
	Levels: 5=1000 4 = 800 3 = 600 2 = 400 1 = 200	Maximum Possible Points 900	Levels: 5 = 800 4 = 640 3 = 480 2 = 320 1 = 160	Levels: 5 = 700 4 = 560 3 = 420 2 = 280 1 = 140	Levels: 5 = 600 4 = 480 3 = 360 2 = 240 1 = 120	Levels: 5 = 500 4 = 400 3 = 300 2 = 200 1 = 100	Levels: 5 = 400 4 = 320 3 = 240 2 = 160 1 = 80		
Lake Co. (SW)	3 600	684	2 320	4 560	4 480	2 200	3 240	39	3,084
Sheridan County (B)	3 600	828	2 320	2 280	4 480	2 200	4 320	40	3,028
Whitefish (W)	2 400	612	4 640	3 420	4 480	2 200	3 240	41	2,992
Belgrade (WW)	3 600	612	3 480	3 420	4 480	2 200	2 160	42	2,952
Yellowstone Co. (B)	4 800	432	3 480	3 420	3 360	2 200	3 240	43	2,932
St. Ignatius (WW)	2 400	684	2 320	3 420	4 480	3 300	4 320	44	2,924
Lockwood W&S (W)	2 400	540	3 480	5 700	3 360	2 200	3 240	45	2,920
Columbia Falls (WWWW)	2 400	540	2 320	5 700	3 360	2 200	4 320	46	2,840
Pleasant View W&S (W)	3 600	612	4 640	3 420	2 240	1 100	2 160	47	2,772
Butte-Silver Bow (W)	2 400	648	2 320	4 560	4 480	2 200	2 160	48	2,768
Three Forks (W)	3 600	504	2 320	3 420	4 480	2 200	3 240	49	2,764
Big Sky W&S Dist. (WW)	2 400	612	1 160	4 560	4 480	2 200	4 320	50	2,732
Helena (SD)	2 400	432	3 480	3 420	3 360	2 200	3 240	51	2,532
Homestead Acres (W)	3 600	396	3 480	3 420	2 240	1 100	3 240	52	2,476
Columbus (SD)	2 400	432	3 480	2 280	3 360	2 200	4 320	53	2,472
Miles City (W)	2 400	432	2 320	3 420	3 360	2 200	2 160	54	2,292
Meadowlark W&S (WW)	3 600	612	2 320	2 280	1 120	1 100	1 80	55	2,112

KEY: B = BRIDGE
SD = STORMWATER
SW = SOLIDWASTE
W = WATER
WW = WASTEWATER
WW/SD = WASTEWATER/STORMWATER SEPARATION

Step Two of the Process – Financial Assistance Analysis

The second step of the process requires the department to make recommendations on the form and amount of financing. The department's ranking results and recommendations on the amount of grant funding for each application is summarized in Table 4 – "Financial Assistance Analysis/Grant Award Recommendations for the 2005 Biennium" on page 26. Details on the basis for the department's recommendation concerning the form and amount of funding for each application are found in the individual reports for each project in Part 6.

Water, Wastewater, or Solid Waste Projects

The amount of the grant award recommendation for water, wastewater and solid waste projects is based on whether the applicant has proposed to have user rates at or above the applicant's target rate. In conducting the analysis, the department used only 90 percent of the target rate as the basis for comparison against actual rates. This provides local governments with a "margin" or "cushion," which can be used to meet emergencies or other facility needs that may be unknown at this time.

It is important to note that during the 1999 Legislature, the Joint Long Range Planning Subcommittee established that TSEP grants should only be approved for water, wastewater and solid waste projects where the applicant has proposed to have user rates at or above the applicant's target rate. All of the applicants have proposed funding packages that result in projected user rates above the target rate.

Bridge Projects

The amount of the grant award recommendation for bridge projects is based on the degree to which counties have attempted to fund their bridge systems and the impact of restrictions on their ability to levy taxes. The analysis is essentially the same as described earlier for bridges. If it does not appear that a county sufficiently funded their bridge system given their ability to levy taxes, MDOC may recommend reducing the amount of the grant award or recommending no grant funding for the applicant. After taking into consideration property tax levies and other funds that applicants added to their bridge budgets, the Department determined that all of the applicants with bridge projects were reasonably funding their bridge systems.

Conclusion

The process of evaluating and ranking TSEP applications is complex because of the numerous review elements, differences between applicants, and the complexities of different types of community infrastructure and financing methods for each. The Department stressed objectivity and fairness in the procedures used to evaluate and score TSEP applications.

While no system is perfect, the methodology used in the financial analysis of water, wastewater and solid waste projects represents fourteen years of effort to develop a system that analyzes relative financial need and capacity, that is fair and equitable to all applicants. The Department's financial analysis methodology used for water, wastewater and solid waste projects is considered a model nationally and was highlighted at the Council of State Community Development Agencies infrastructure workshop held in Washington D.C. in 1996. The Department's financial analysis methodology used for bridge projects also represents many years of development. The Department is not aware of any other financial analysis methodology for bridge projects that would offer an effective alternative to the system the Department has developed.

TSEP Financial Assistance Analysis / Grant Award Recommendations

Cumulative Proposed Award	Applicant	Project	Ranking Score	Amount Requested	Proposed Grant Award ³	MHI ¹	90.00% Target Monthly Rates ²	Existing Monthly Rates	Variance From Target Rates %	\$	Monthly Rates with No Assistance	Variance From Target Rates %	\$	Applicant Projected Monthly Rates with Full Assistance	Variance From Target Rates %	\$	Monthly Rates with Proposed Award	Variance From Target Rates %	\$
170,575	Lewis & Clark	Bridge	4,076	170,575	170,575	26,409	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
500,575	Judith Basin County/ Geyser Dist.	Water	4,052	330,000	330,000	18,914	31.21	30.00	96%	-1.21	84.21	270%	53.00	55.00	176%	23.79	55.00	176%	23.79
675,104	Madison County	Bridge	3,992	249,058	174,529	22,066	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
1,175,104	Chinook	Wastewater	3,988	500,000	500,000	19,276	31.81	55.90	176%	24.09	69.27	218%	37.46	66.27	208%	34.46	66.27	208%	34.46
1,411,058	Sweet Grass County	Bridge	3,976	235,954	235,954	20,867	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
1,911,058	Stillwater County	Bridge	3,968	500,000	500,000	23,582	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2,411,058	Power-Teton County District	Water	3,904	500,000	500,000	29,483	48.65	39.60	81%	-9.05	140.16	288%	91.51	99.25	204%	50.60	99.25	204%	50.60
2,762,683	Richland County	Bridge	3,896	351,625	351,625	23,264	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
3,262,683	Stanford	Water	3,852	500,000	500,000	20,227	33.37	35.87	107%	2.50	60.08	180%	26.71	51.17	153%	17.80	51.17	153%	17.80
3,762,683	Hamilton	Water	3,812	500,000	500,000	14,913	24.61	38.51	156%	13.90	43.51	177%	18.90	41.67	169%	17.06	41.67	169%	17.06
4,262,683	Troy	Water	3,712	500,000	500,000	18,107	29.88	45.94	154%	16.06	59.86	200%	29.98	55.86	187%	25.98	55.86	187%	25.98
4,762,683	Scobey	Wastewater	3,680	500,000	500,000	21,552	35.56	37.77	106%	2.21	59.35	167%	23.79	52.94	149%	17.38	52.94	149%	17.38
5,262,683	Missoula	Wastewater	3,668	500,000	500,000	40,749	67.24	30.60	46%	-36.64	94.54	141%	27.30	87.12	130%	19.88	87.12	130%	19.88
5,585,465	Blaine County	Bridge	3,660	480,400	322,782	18,512	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
6,085,465	Upper-Lower River Road District	Water&Wastewater	3,660	500,000	500,000	24,395	40.25	0.00	0%	-40.25	76.50	190%	36.25	65.00	161%	24.75	65.00	161%	24.75
6,585,465	Polson	Water	3,624	500,000	500,000	14,231	23.48	32.90	140%	9.42	36.48	155%	13.00	35.03	149%	11.55	35.03	149%	11.55
7,085,465	Conrad	Water	3,588	500,000	500,000	25,039	41.31	48.52	117%	7.21	58.33	141%	17.02	55.15	134%	13.84	55.15	134%	13.84
7,224,598	Glendive	Stormwater	3,560	139,133	139,133	20,718	34.18	36.93	108%	2.75	40.84	119%	6.66	36.93	108%	2.75	36.93	108%	2.75
7,724,598	Sheaver's Creek District	Water	3,560	500,000	500,000	22,200	23.31	29.00	124%	5.69	56.79	244%	33.48	36.67	157%	13.36	36.67	157%	13.36
8,224,598	Gallatin County	Bridge	3,540	500,000	500,000	23,345	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
8,724,598	Gardiner/Park County District	Water	3,528	500,000	500,000	25,923	42.77	44.48	104%	1.71	56.91	133%	14.14	50.67	118%	7.90	50.67	118%	7.90
8,837,098	Phillips Co Green Meadows Dist.	Water	3,516	112,500	112,500	31,280	32.84	20.00	61%	-12.84	93.77	286%	60.93	44.81	136%	11.97	44.81	136%	11.97
9,337,098	Geraldine	Water	3,420	500,000	500,000	19,732	32.56	46.15	142%	13.59	63.81	196%	31.25	51.73	159%	19.17	51.73	159%	19.17
9,836,433	Missoula County	Wastewater	3,408	499,335	499,335	29,207	17.52	0.00	0%	-17.52	32.52	186%	15.00	26.61	152%	9.09	26.61	152%	9.09
10,091,433	Ramsay County District	Water	3,388	255,000	255,000	45,455	75.00	42.50	57%	-32.50	115.59	154%	40.59	75.77	101%	0.77	75.77	101%	0.77
10,591,433	Cooke City-Park Co District	Water	3,380	500,000	500,000	30,800	32.34	11.60	36%	-20.74	55.64	172%	23.30	40.59	126%	8.25	40.59	126%	8.25
11,091,433	Worden-Ballentine District	Water	3,380	500,000	500,000	25,650	42.32	28.00	66%	-14.32	65.68	155%	23.36	51.73	122%	9.41	51.73	122%	9.41
11,591,433	Wolf Point	Wastewater	3,372	500,000	500,000	19,695	32.50	48.44	149%	15.94	57.38	177%	24.88	55.86	172%	23.36	55.86	172%	23.36
12,070,133	Ryegate	Water	3,364	478,700	478,700	17,995	29.69	24.67	83%	-5.02	52.35	176%	22.66	33.71	114%	4.02	33.71	114%	4.02
12,300,973	Cascade County	Bridge	3,332	230,840	230,840	23,700	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
12,800,973	Libby	Water&Wastewater	3,320	500,000	500,000	18,036	29.76	58.19	196%	28.43	60.18	202%	30.42	58.19	196%	28.43	58.19	196%	28.43
13,300,973	Beaverhead Co District (Wisdom)	Wastewater	3,276	500,000	500,000	23,250	13.95	14.50	104%	0.55	58.76	421%	44.81	25.00	179%	11.05	25.00	179%	11.05
13,476,776	Hill County	Bridge	3,252	175,803	175,803	25,467	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
13,936,659	Jordan	Water	3,244	459,883	459,883	17,933	29.59	24.88	84%	-4.71	39.99	135%	10.40	31.83	108%	2.24	31.83	108%	2.24
14,436,659	Pablo-Lake County District	Wastewater	3,232	500,000	500,000	19,615	32.36	41.62	129%	9.26	60.38	187%	28.02	54.24	168%	21.88	54.24	168%	21.88
14,590,856	Ekalaka	Wastewater	3,220	212,697	154,197	15,192	25.07	49.79	199%	24.72	58.57	234%	33.50	51.70	206%	26.63	51.70	206%	26.63
14,728,356	Pondera County	Bridge	3,168	137,500	137,500	23,533	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
14,942,556	Black Eagle District	Wastewater	3,084	214,200	214,200	20,035	33.06	35.50	107%	2.44	38.84	117%	5.78	35.50	107%	2.44	35.50	107%	2.44
15,442,556	Lake County Solid Waste District	Solid Waste	3,084	500,000	500,000	19,755	5.93	8.58	145%	2.65	8.97	151%	3.04	8.58	145%	2.65	8.58	145%	2.65
15,653,331	Sheridan County	Bridge	3,028	210,775	210,775	20,728	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
16,153,331	Whitefish	Water	2,992	500,000	500,000	21,569	35.59	52.57	148%	16.98	54.94	154%	19.35	53.87	151%	18.28	53.87	151%	18.28
16,653,331	Belgrade	Wastewater	2,952	500,000	500,000	22,044	36.37	32.97	91%	-3.40	52.80	145%	16.43	51.00	140%	14.63	51.00	140%	14.63
16,826,041	Yellowstone County	Bridge	2,932	172,710	172,710	25,942	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
17,326,041	St. Ignace	Wastewater	2,924	500,000	500,000	17,037	28.11	30.00	107%	1.89	54.90	195%	26.79	41.50	148%	13.39	41.50	148%	13.39
17,826,041	Lockwood District	Water	2,920	500,000	500,000	26,108	27.41	33.04	121%	5.63	41.78	152%	14.37	39.53	144%	12.12	39.53	144%	12.12
18,046,041	Columbia Falls	Water&Wastewater	2,840	220,000	220,000	23,328	38.49	37.58	98%	-0.91	55.43	144%	16.94	54.65	142%	16.16	54.65	142%	16.16
18,256,181	Pleasant View Homesites District	Water	2,772	210,140	210,140	29,565	31.04	40.00	129%	8.96	122.53	395%	91.49	69.18	223%	38.14	69.18	223%	38.14
18,659,187	Butte-Silver Bow	Water	2,768	403,006	403,006	21,307	35.16	59.28	169%	24.12	59.48	169%	24.32	59.28	169%	24.12	59.28	169%	24.12
18,986,187	Three Forks	Water	2,764	327,000	327,000	20,121	33.20	37.21	112%	4.01	45.42	137%	12.22	41.70	126%	8.50	41.70	126%	8.50
19,486,187	Big Sky District	Wastewater	2,732	500,000	500,000	28,032	46.25	85.77	185%	39.52	130.51	282%	84.26	129.09	279%	82.84	129.09	279%	82.84
19,986,187	Helena	Stormwater	2,532	500,000	500,000	25,462	42.01	46.91	112%	4.90	47.14	112%	5.13	46.91	112%	4.90	46.91	112%	4.90
20,134,002	Homestead Acres District	Water	2,476	147,815	147,815	30,750	32.29	46.09	143%	13.80	52.62	163%	20.33	46.09	143%	13.80	46.09	143%	13.80
20,634,002	Columbus	Stormwater	2,472	500,000	500,000	19,914	32.86	30.10	92%	-2.76	41.93	128%	9.07	37.75	115%	4.89	37.75	115%	4.89
21,134,002	Miles City	Water	2,292	500,000	500,000	21,224	35.02	36.55	104%	1.53	38.17	109%	3.15	37.43	107%	2.41	37.43	107%	2.41
21,134,002	Meadowlark District	Wastewater	2,112	477,500	0	31,375	18.83	0.00	0%	-18.83	320.24	1701%	301.41	153.27	814%	134.44	320.24	1701%	301.41
				21,902,149	21,134,002														

1 Median Household Income as determined by 1990 Census data

2 Financial analysis for water, wastewater, and solidwaste systems uses target rate analysis based on 90% of targets For bridge projects, financial analysis is based on the applicant's past efforts to fund bridges and changes in their ability to levy taxes (Target rates for water and wastewater applicant systems is based on the combination of the water system target rate percentage of 1 4% of MHI plus the target rate percentage for wastewater systems of 8% of MHI, producing a combined target rate percentage of 2 20% of MHI The target rate percentage for solidwaste systems is 4% of MHI)

3 Indicates the amount of award recommended that the applicant would receive if sufficient funds were available

N/A - Project is not subject to target rate analysis



PART 6

TSEP APPLICATION (PROJECT) REPORTS FOR THE 2005 BIENNIUM

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GLOSSARY OF ABBREVIATIONS USED IN THE TSEP APPLICATION (PROJECT) REPORTS

'	feet
"	inch
AASHTO	American Association of State Highway and Transportation Officials (refers to road and bridge standards)
BNSF	Burlington Northern Santa Fe Railroad
BOD	Biochemical oxygen demand (a water quality measurement)
CDBG.....	Community Development Block Grant Program (MDOC)
CIP	Capital improvements plan
cfs	cubic feet per second
DEQ	Montana Department of Environmental Quality
DHES	Montana Department of Health and Environmental Sciences (previous name for DEQ)
DNRC.....	Montana Department of Natural Resources and Conservation
ED	Economic Development
EDA.....	Economic Development Agency (U.S. Department of Commerce)
EPA.....	U.S. Environmental Protection Agency
fps	feet per second
FEMA.....	Federal Emergency Management Administration
FW&P	Montana Department of Fish, Wildlife and Parks
gal	gallons
gpd	gallons per day
gpm.....	gallons per minute
HDPE	High density polyethylene (type of plastic pipe)
HUD	U.S. Department of Housing and Urban Development
I&I.....	Infiltration and inflow (engineering analysis term)
INTERCAP.....	Intermediate Term Capital Program (Board of Investments)
ISO.....	Insurance Services Office
LMI	Low and moderate income
MCL	Maximum contaminant level (a water quality measurement)
MDOC.....	Montana Department of Commerce
MDT	Montana Department of Transportation
mg/l	Milligrams per liter
MHI	Median household income
MOA.....	Memorandum of understanding

MPDES Montana Pollutant Discharge Elimination System
 MRL Montana Rail Link
 N/A Not Applicable (typically refers to the fact that an applicant does not have either a water or wastewater system)
 NBI National Bridge Inspection Coding Guide
 NCRS National Conservation and Resource Service
 O&M Operation and maintenance
 OSBRP MDT's Off-System Bridge Replacement Program
 PER Preliminary engineering report
 PILT Payment in lieu of tax
 psi pounds per square inch
 PVC Poly vinyl chloride (type of plastic pipe)
 RUS U.S. Department of Agriculture, Rural Development, Rural Utilities Service Program
 RRGL Renewable Resource Grant and Loan Program (DNRC)
 SID Special Improvement District
 SCS Soil Conservation Service
 SRF State Revolving Loan Fund (Water and Wastewater) Programs (DEQ)
 TAG State and Tribal Assistance Grant (EPA)
 TA Technical assistance
 TSEP Treasure State Endowment Program (MDOC)
 TSS Total solids suspended (a water quality measurement)
 USFS U.S. Forest Service
 USGS U.S. Geological Service
 WQB Water Quality Bureau (DEQ)

Project No. 1 Lewis and Clark County – Bridge Improvements

This application received 4,076 points out of a possible 4,900 points and ranked 1st out of 55 applications in the 2003 recommendations to the Legislature. The applicant's bridge levy is .07 percent of MHI, which is greater than the statewide median. **MDOC recommends the requested TSEP grant of \$170,575.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 170,575	Awaiting the decision of the Legislature
Applicant	Cash	\$ 170,575	Funds committed
Project Total		\$ 341,150	

Median Household Income:	\$26,409	Total Population:	55,716
Percent Non-TSEP Matching Funds:	50%	Number of Households:	25,672

Project Summary

History – The County has identified three bridges that are in critical condition and in need of replacement:

- ❑ Lake Helena Drive Bridge over the Helena Valley Irrigation Canal is located on a road that is a major north-south connecting route from US Hwy 12 through East Helena and beyond. The two span bridge was constructed around 1958 of treated timber stringers and deck with a concrete foundation wall and footing. The bridge has a 15-ton weight limit.
- ❑ John G. Mine Road Bridge over Silver Creek is located on a road that is a major east-west connecting route between two state secondary routes; Green Meadow Drive and Montana Avenue. The bridge was constructed around 1960 and reconstructed in the 1970s. The north side of the bridge was originally constructed of a concrete slab poured over half corrugated metal pipe culverts with a cast-in-place concrete foundation. The bridge was widened to the south using a cast-in-place concrete slab with steel beams and a concrete foundation.
- ❑ Stemple Pass Road Bridge over Poorman Creek is located on a road that is used heavily by recreational and local traffic. The bridge was constructed around 1970, and is made of concrete foundation walls supporting a cast-in-place concrete deck.

Problem - The County's three bridges have the following deficiencies:

- ❑ Lake Helena Drive Bridge has a sufficiency rating of 54.2. Deficiencies include:
 - severe cracking of the asphalt overlay,
 - timber stringers are in poor condition with two timbers broken and several others badly cracked, and
 - bridge rail is incapable of absorbing vehicular impacts.
- ❑ John G. Mine Road Bridge has a sufficiency rating of 22.2. Deficiencies include:
 - steel half culverts used as forms and possibly structural support under the deck are corroded,
 - concrete at both abutments is in poor condition, and
 - bridge rail is incapable of absorbing vehicular impacts.
- ❑ Stemple Pass Road Bridge has a sufficiency rating of 41. Deficiencies include:
 - significant scour has occurred below the footings on both walls,
 - concrete is in poor condition,
 - vertical cracks are present along both abutment walls,
 - only a single lane, and
 - there is no bridge rail to protect the truss elements from vehicular impacts.

Proposed Solution - The proposed project would replace all three bridges with the following types of structures:

- ☐ Lake Helena Drive and the John G. Mine Bridge: a single span, precast, tri-deck beam bridge, and
- ☐ Stemple Pass Road Bridge: an open bottom aluminum box culvert.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that the Lake Helena Drive Bridge has a NBI sufficiency rating of 54.2 and the lowest appraisal rating is a four; the John G. Mine Road Bridge has a NBI sufficiency rating of 24.4 and the lowest element condition rating is a four; and the Stemple Pass Road Bridge has a NBI sufficiency rating of 41 and the lowest appraisal rating is a three. The two level four bridges (John G. Mine Road and Stemple Pass Road) make up 65 percent of the cost of the total project, while the Lake Helena Drive Bridge, which is a level three, makes up 35 percent of the total project. After weighting the score level assigned each individual bridge project and the percentage of total costs each represents, a level four score was assigned to the total project.

Statutory Priority #2: Reflects greater financial need.

The applicant received 576 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 45th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 36 percent. **The relative concentration of persons living at or below the LMI level ranked 36th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 11.8 percent. **The relative concentration of persons living at or below the Poverty level ranked 37th out of the 55 applications.**

Indicator #2. Financial Analysis: The applicant placed in the 4th quintile and received 720 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.07%
Bridge levy as it relates to the state median of .04 percent	175%
Entire levy as a percent of MHI	4.51%
Entire levy as it relates to the state median of 2.78 percent	162%
2001 mill value as a percent of 1986 mill value	120%
2001 bridge mills as a percent of 1986 bridge mills	214%
Ratio of 2001 bridge levy to 1986 bridge levy	258%

The financial analysis was scored a level four because it appeared that the County has made significant financial efforts to fund its bridge system compared to the other TSEP bridge applicants and relative to the County's size, population, and financial capacity. In 2001, the County's bridge levy as a percentage of the MHI was .07 percent, which is significantly higher than the state median.

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant clearly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were no issues of any significance that were not adequately addressed.

Rationale: The MDOC review engineer noted that the PER comprehensively examined all three bridges in order to identify all the deficiencies of each of them. Several design alternatives for replacement of these bridges were studied with the most efficient, low maintenance, and cost effective one selected for each bridge. Clear and reasonable construction costs and implementation schedules were adequately discussed.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level five and received 700 points out of a possible 700 points.

Conclusion: The applicant conclusively demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that in 1998, it commissioned a detailed road inventory and evaluation. This evaluation identified nearly \$20,000,000 in necessary improvements throughout the County. Voters were asked to fund the improvements through a general obligation bond, but the bond election failed. The County adopted its bridge standards in 1999, which requires that all new bridges be

designed by a professional engineer registered with the State of Montana in order to assure that all future bridges are properly designed and constructed. In December of 2000, the County adopted its current growth policy, which includes the road and bridge evaluation reports. As part of this process, the County formed a citizen advisory group, consisting of a cross-section of special interest groups to represent their respective interests. The County recently adopted the third edition of its bridge evaluation and bridge CIP. Both of these reports were to be incorporated into the County's comprehensive CIP in August of 2002.

The three bridges identified in the application are listed in the top nine priorities in the 2002 bridge evaluation and CIP report. Lake Helena Drive ranked first, John G. Mine Road ranked fifth and Stemple Pass ranked ninth. The second and third ranked structures are not ready to move forward, pending the potential abandonment of the road to an adjacent landowner. The plan for funding these two structures includes MDT assistance or the County's bridge fund. The fourth, sixth, seventh and eighth bridges are all relatively minor maintenance projects consisting of installation of small corrugated metal pipes, aluminum box or miscellaneous maintenance, all within the capabilities of the county bridge crew and budget.

During the last three fiscal years the County has completed approximately 17 public works projects at an estimated cost of \$5 million dollars and, since 1997, has replaced or rehabilitated 24 bridges at a cost of \$2,600,000. The applicant has a history of levying the maximum number of bridge mills allowed by statute.

The MDOC review engineer stated that the County's O&M practices have been adequate. Since 1995, the County inspects each bridge yearly for damage or required repair and then includes the information in its bridge CIP and budget. Repairs or replacements are then performed with low maintenance materials as the budget allows.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level five and received 600 points out of a possible 600 points.

Conclusion: The applicant conclusively demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources. In addition, the applicant adequately documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant and local reserves. The applicant looked at all of the federal programs, MDT programs, local financing tools and debt financing possibilities. The applicant stated that after taking a comprehensive look at its capacity to pay for the project locally, as well as outside funding sources, it was determined that with the exception of TSEP, there are no other viable sources of funding available for the replacement of the three bridges identified in the application, outside of the County's bridge budget.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the bridge system.

The proposed improvements should maintain and possibly increase the taxable valuation of the project area

Rationale: The applicant stated that the project will not directly result in the creation or retention of jobs, nor will it directly result in a business expansion. The applicant stated that the development of a sound infrastructure, including the road and bridge network, is essential to maintaining the tax base of any community by promoting the retention and expansion of business.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level five and received 400 points out of a possible 400 points.

Conclusion: The applicant conclusively demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its estimated cost and the impact per household. In addition, the applicant provided documentation to show that the project is clearly a high local priority and strongly supported by the public.

Rationale: The applicant stated that public hearings were held in Lincoln on April 5th, in Helena on April 9th, and in Augusta on April 12th of 2002. The public hearings were held in conjunction with regularly scheduled county commission meetings. The proposed project, including sources of funding and the fact that the project would not result in an increase in taxes was discussed at each of the hearings. Minutes, legal affidavits, and an informational handout, and a newspaper article relative to the hearings were included in the application. The County sent letters out to people to inform them of the project. As a result, 23 letters of support were received and included in the application.

In December of 2000, the County adopted a growth policy that lists the transportation network, including roads and bridges, as the number one priority for infrastructure improvement in each of the five planning areas. In April 2002, the County adopted its current bridge evaluation and bridge capital improvement plan report. This will be incorporated into the County's comprehensive CIP in August of 2002.

Project No. 2
Judith Basin County on behalf of
Geyser Judith Basin County Water and Sewer District – Water System Improvements

This application received 4,052 points out of a possible 4,900 points and ranked 2nd out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$330,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$330,000	Awaiting the decision of the Legislature
RRGL	Grant	\$100,000	Awaiting the decision of the Legislature
CDBG	Grant	\$308,000	Application to be submitted January 2003
RUS	Grant	\$292,000	RUS has committed funds to the project
RUS	Loan	\$219,000	RUS has committed funds to the project
Project Total		\$1,249,000	

Median Household Income:	\$18,941	Total Population:	89
Percent Non-TSEP Matching Funds:	73%	Number of Households:	44

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$10.00	-	Target Rate:	\$31.25	-
Existing Wastewater Rate:	\$20.00	-	Rate With TSEP Assistance:	\$55.00	176%
Existing Combined Rate:	\$30.00	96%	Rate Without TSEP Assistance:	\$84.21	270%

Project Summary

History – The District was recently created and asked Judith Basin County to assist them in addressing deficiencies in the community's water system. The distribution system was constructed in the 1950s of 4" asbestos cement lines. Approximately 1,200' of line have been replaced with PVC. The community has two wells. One of the wells, which was built in 1971 and then deepened to 1,000' in 1992, is the only source of water for the drinking water system. The other well is used only to supply irrigation for the school. The well used for the drinking water system is equipped with a booster pump and four hydropneumatic tanks. The system has eight fire hydrants, however DEQ has taken action against the District to eliminate their use as "fire" hydrants due to the lack of adequate supply, storage, and undersized distribution mains.

Problem - The District's water system has the following deficiencies:

- ☐ inadequate supply and storage, no storage for emergency or fire flow conditions,
- ☐ only one supply well,
- ☐ undersized distribution mains,
- ☐ dead-end distribution lines, which contribute to possible contamination from biosolids,
- ☐ reduced capacity in wells due to biofouling and incrustation,
- ☐ poor water quality due to dissolved iron, manganese, sulfate and total dissolved solids,
- ☐ high sulfate levels,

- ☐ no auxiliary power,
- ☐ no water meters at service connections, and
- ☐ lack of storage, which allows pressures to drop below 20 psi during flushing of distribution mains.

Proposed Solution - The proposed project would:

- ☐ drill two new wells,
- ☐ construct an 67,000-gallon elevated steel water tank,
- ☐ install 11 fire hydrants,
- ☐ install approximately 5,700' of 6" distribution line, and
- ☐ install 53 water meters and meter pits.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level five and received 1,000 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system have occurred or are considered to be imminent. These serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

Rationale: The MDOC review engineer noted that the District's water supply does not meet DEQ design standards related to multiple groundwater sources or auxiliary power requirements. The District's source of water is a single well, which does not produce enough water to meet current or future maximum daily demands. The quantity of water produced is declining and the reduction in quantity will continue if the improvements are not made. If the well stops producing, or if the well becomes damaged, a serious public health and safety situation would occur since the Town would be without water.

The likelihood of the well ceasing to produce is high, since no auxiliary power is available to operate the well during a power outage. The loss of water during a pump or tank failure is also high because there is no available storage to meet average day demands in the absence of the well, nor does the District have an additional source of water supply.

The District's water source also contains high levels of iron, total dissolved solids, and sulfate, which violates secondary water quality standards. In addition, EPA is considering monitoring sulfate as a primary contaminant. If this change were made, the District's water supply would be in violation of the new rule.

The lack of supply and storage also contribute to the District's inability to provide any amount of fire protection. Substantial property loss and the potential for loss of life are high without the ability to provide fire protection.

Statutory Priority #2: Reflects greater financial need.

The applicant received 792 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI)** ranked 10th out of the 55 applications.

- ❑ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 70 percent. **The relative concentration of persons living at or below the *LMI* level ranked 1st out of the 55 applications.**
- ❑ The percent of persons living at or below the *Poverty* level is 23.3 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 4th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 4th quintile and received **720 points**. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the Applicant.

Rationale: The MDOC review engineer noted that the proposed project represents an efficient, appropriate, and cost-effective solution for resolving all of the deficiencies identified in the PER. However, one minor issue was not adequately addressed. The team of review engineers questioned the sizing of the storage tank. According to American Water Works Association guidelines, a general rule of thumb is that 30 percent of the volume in a storage tank should be for operational and emergency storage, and 70 percent for fire suppression. Following this guiding principle, a 100,000-gallon storage tank would be more appropriate than the 67,000-gallon tank proposed. There was an insufficient amount of information justifying the smaller size.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the District was created in March 2002 with an 85 percent voter approval; prior to the creation of the District, the water system was operated through an RID and the sewer system through a county sewer district. In the early 1980s, the community completed improvements to the sewer system. In 1992, improvements were made to the existing water system that included deepening and recasing of the existing well and construction of the booster pump and hydropneumatic tank system. The District has also replaced approximately 1,200' of distribution line.

The District stated that it maintains adequate operation and maintenance budgets for operation of the systems and has built up a reserve; the District has a cash balance in savings and a certificate of deposit, but there is no indication these funds are specifically allocated to a reserve fund.

In a response to a District request for deviation in hydrant use for the replacement of distribution line to the post office, DEQ required that hydrants and lines be flushed at flows and velocities to keep system pressures above 20 psi. The operator performs this task as required and also inspects the

booster pump and hydroneumatic tank on a weekly basis.

The water and wastewater facility plans serve as a CIP. The only sewer improvement needed at this time is the rehabilitation of the existing lift stations. The community has demonstrated its commitment to resolving infrastructure needs by offering financial, labor, or equipment donations for projects ranging from an addition to the fire hall to the construction of a new school gym.

As part of the proposed project, meters would be installed at individual service connections and user rates will be based on usage. In an effort to conserve water, the District placed water restrictions in June 2001. The District will adopt and implement a wellhead protection plan as part of the proposed project.

The deficiencies of the existing system appear to be caused by the age of the infrastructure and not due to inadequate operation and maintenance.

The MDOC review engineer stated that the O&M practices of the District have been adequate. The District is required by DEQ to use a specialized maintenance procedure when flushing lines in the distribution system. The District has worked with DEQ to adopt and implement this required procedure. The District's annual costs exceed annual revenues, and have had to take revenue from the sewer system to cover expenses with the water system.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level five and received 600 points out of a possible 600 points.

Conclusion: The applicant conclusively demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources. In addition, the applicant adequately documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward.

Rationale: The applicant has proposed a funding package consisting of TSEP, CDBG, RRGL and RUS grants in combination with an RUS loan. The applicant noted that if any of the grant funding was reduced or not awarded, the project could be phased to keep water user rates at \$35.00 per month.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that by implementing the proposed project, the water system would have sufficient capacity to meet the projected needs of the community for a minimum of 20 years. Although specific businesses or full-time permanent jobs would not be created, completing the proposed project would encourage the expansion of the existing tax base.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level five and received 400 points out of a possible 400 points.

Conclusion: The applicant conclusively demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its estimated cost and the impact per household. In addition, the applicant provided documentation to show that the project is clearly a high local priority and strongly supported by the public.

Rationale: The applicant stated that the election to form the combined District was conducted in March 2002 and passed by a margin of 47 to 9 with an 81 percent turnout, demonstrating significant public support for the project. An income survey was also conducted and over 71 percent of permanent residents responded, which also demonstrates interest in the project.

To keep the community informed, numerous newspaper articles and a newsletter were written. The application also contained news articles about other community supported events and projects as well.

Eight individuals attended the first meeting held on March 6, 2002 to discuss the draft PER, funding strategy, and the income survey. The majority of the attendees voiced support for the project, although they were concerned that the monthly user charges remain affordable. A second meeting was held on April 15, 2002, with 16 in attendance, to elicit final comments on the District's grant application, and to provide a project summary, financing package, and user cost information. Handouts containing the above information and also site maps were provided at both meetings. Copies of the news articles, notices, affidavits of publication, newsletter, handouts, sign-in sheets and minutes were included in the application.

Twenty letters of support for the project and/or funding were included in the application from: nine residents, two state legislators, two business owners, two district board members, the county commissioners, the city-county planning board, a planning consultant, and the school superintendent. Letters were provided by the county fire warden, and the county disaster and emergency service coordinator, in support of the improvements because of the severe fire risk.

Project No. 3
Madison County – Bridge Improvement

This application received 3,992 points out of a possible 4,900 points and ranked 3rd out of 55 applications in the 2003 recommendations to the Legislature. The applicant requested a hardship grant with a 29 percent match. In 2001, the applicant's bridge levy as a percent of MHI was only .06 percent. As a result, the applicant does not meet the second criteria for a hardship grant, which requires that the applicant be levying at least twice the statewide median of .04 percent of MHI for bridges. **MDOC recommends a reduced TSEP grant of \$174,529**, which is 50 percent of the cost of the project. The applicant has committed to making up the difference, which is \$74,529, in order to provide a 50 percent match.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$249,058	Awaiting the decision of the Legislature
Applicant	Cash	\$100,000	Committed, partially expended for PER
Project Total		\$349,058	

Median Household Income:	\$22,066	Total Population:	6,851
Percent Non-TSEP Matching Funds:	29%	Number of Households:	4,671

Project Summary

History – The County has identified three bridges that are in critical condition and in need of replacement:

- ☐ First South Boulder Road Bridge was constructed in the 1950s. It is located off Highway 359 on South Boulder River Road, close to the community of Mammoth. The bridge is constructed of log abutments with a steel floor beam and timber stringer superstructure. The superstructure is decked with timber planks and overlain with asphalt pavement.
- ☐ Second South Boulder Road Bridge was also constructed in the 1950s. The substructure was originally constructed of logs and later faced with timber planks. The superstructure consists of untreated, sawn timber stringers with a deck of timber planking.
- ☐ South Willow Creek Bridge was constructed in the 1960s. It serves as the sole access to at least one year-round residence, approximately six recreational cabins, and to a large section of the Deer Lodge National Forest via the Potosi Road. The bridge has a flat treated timber substructure and timber stringers support the timber plank deck.

Problem - The County's three bridges have the following deficiencies:

- ☐ First South Boulder Road Bridge has a sufficiency rating of 34.8. Deficiencies include:
 - non-treated log timber substructure is exhibiting severe rotting, crushing, and settling,
 - scour has occurred below the footings on both walls,
 - cracked or badly checked timber stringers,
 - substandard bridge rail, incapable of absorbing vehicular impacts, and
 - only a single lane.
- ☐ Second South Boulder Road Bridge has a sufficiency rating of 34.5. Deficiencies include:
 - substructure is exhibiting severe rotting, crushing, and settling,
 - cracked or badly checked timber stringers,
 - no bridge rail, and
 - only a single lane.
- ☐ South Willow Creek Bridge has a sufficiency rating of 34. Deficiencies include:

- scour has occurred below the footings on both walls,
- substructure is exhibiting severe rotting, crushing, and settling, and
- only a single lane.

Proposed Solution - The proposed project would replace all three bridges with single span precast Amcor bridges.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that the First South Boulder Road Bridge has a NBI sufficiency rating of 34.8; the Second South Boulder Road Bridge has a NBI sufficiency rating of 34.5; and South Willow Creek Bridge has a sufficiency rating of 34. The lowest appraisal and element condition rating for all three of the bridges is a three. Therefore, all three bridges meet the criteria for being scored at a level four.

Statutory Priority #2: Reflects greater financial need.

The applicant received 612 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 4th quintile and received 720 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 27th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 39 percent. **The relative concentration of persons living at or below the LMI level ranked 26th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 18.4 percent. **The relative concentration of persons living at or below the Poverty level ranked 9th out of the 55 applications.**

Indicator #2. Financial Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the

computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.06 %
Bridge levy as it relates to the state median of .04 percent	150%
Entire levy as a percent of MHI	9.49%
Entire levy as it relates to the state median of 2.78 percent	341%
2001 mill value as a percent of 1986 mill value	160%
2001 bridge mills as a percent of 1986 bridge mills	104%
Ratio of 2001 bridge levy to 1986 bridge levy	167%

The financial analysis was scored a level three because it appeared that the County has made reasonable but moderate financial efforts to fund its bridge system compared to the other TSEP bridge applicants and relative to the County's size, population, and financial capacity. In 2001, the County's bridge levy as a percentage of the MHI was .06 percent, which exceeds the state median.

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant clearly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were no issues of any significance that were not adequately addressed.

Rationale: The MDOC review engineer noted that the report provided all the information as required in a very clear, concise, and organized manner. Clear and reasonable construction costs and implementation schedules were provided. The proposed design is efficient, requires minimal maintenance, and is cost effective.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the updated comprehensive plan was adopted in February 1999. In May 1999, the County adopted its bridge standards that require that all new bridges be designed by a professional engineer registered with the State of Montana to ensure that future bridges are properly designed and constructed according to AASHTO and MDT guidelines and standards. The County has prepared road and bridge evaluations for all three road districts within the County. The County recently adopted the second edition of its bridge evaluation and CIP report, which was incorporated into the County's comprehensive CIP on April 9, 2002. The three bridges identified in the

application are listed in the top six priorities in the 2002 bridge evaluation and CIP report. The second, third, and fifth ranked structures are scheduled for construction in FY 2002 and FY 2003 using the County's bridge funds and county work forces; each is estimated at under \$50,000 for completion.

As part of the CIP effort, the County commissioned a study on growth and development, examining development patterns as well as making projections of future development during the next decade. The County also prepared a training manual and workshops for its personnel regarding the inventory and evaluation of the County's road system. The County anticipates completing an inventory and evaluation of the road system by late 2002 or early 2003.

The County utilizes MDT's CTEP funds for various projects within the County. The County has also been involved with wastewater system projects in Harrison and Alder, and sponsored four individual watershed project committees.

The County is limited in the number of bridge mills that can be charged through property tax assessments. However, the County has a history of levying the maximum number of mills it can afford, and currently assesses .06 percent of the County's MHI for the bridge system, which exceeds the statewide median of .04 percent. Budget restrictions imposed by state statute have made it difficult for the County to build sufficient reserves to finance major infrastructure replacement and rehabilitation projects. The County has not set aside a bridge reserve fund. Rather, they carry over savings from the previous year to be used for emergencies or large projects. The County has no designated bridge department. The crew in each district performs routine maintenance. The County has completed eleven major bridge projects since 1997 at an approximate cost of \$750,000.

The deterioration of the three bridges identified is due to the advanced age of the structures and could not have been prevented by operation and maintenance activities. The structures have simply exceeded their useful life. The MDOC review engineer stated that the County's O&M practices have been adequate. There are three commissioner districts with the commissioner in each district responsible for the bridges in his district. There is a small bridge budget set aside for each district plus a general bridge budget. Bridges are observed for deficiencies or repair problems during the grading of roads.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level five and received 600 points out of a possible 600 points.

Conclusion: The applicant conclusively demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources. In addition, the applicant adequately documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant and local reserves. The applicant stated that MDOC provided information in 2001 that showed that the County's bridge levy was .17 percent of the County's MHI, which is 425 percent of the statewide median. This figure would have met the second criteria needed to qualify the County for a hardship waiver. However, the MDOC information was in error, but was not discovered until after the application was submitted to MDOC. The applicant was informed of the error and the fact that the County is not eligible to receive a hardship waiver. The applicant has stated that should the extra match be required by the County, this match will be made available through in-kind services and additional funds as required. The County has submitted a resolution committing the additional match.

The applicant provided a rationale for utilizing or not utilizing 19 potential sources of bridge funding along with considering assistance from three area businesses. The County concluded that no other viable funding sources other than TSEP are available for replacement of the three identified bridges.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level three and received 300 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities, and cited various businesses that would benefit by the proposed improvements. However, the applicant did not reasonably demonstrate that the proposed project would directly result in the expansion of a specific business, or the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the bridge system. The proposed improvements should maintain and possibly add to the tax base if any business expansion occurs. This statutory priority was scored higher because this project will indirectly benefit specific businesses.

Rationale: The applicant stated that both of the bridges on the South Boulder road provide key access to the Beaverhead-Deerlodge National Forest (BDNF). A major user, Indiana University Geological Field Station, is also served by these two structures. A letter from the university indicated that an alternative route over the road to Pony is possible, however, it would add significant time to the daily travels and would negatively affect its educational programs. The alternative road also can become impassable in a wet year. The South Boulder road also serves as primary access for over 100 privately owned lots, numerous mining claims, and a couple of sections of state school trust land. District rangers in the area stated the two roads provide critical access for emergency service, especially for wild land fire fighting. The South Boulder road is the only access in the upper South Boulder Drainage and the main access into the northern portion of the Tobacco Root Mountains.

The South Willow Creek Bridge also provides a key link for recreational traffic accessing the BDNF. Closure of this bridge would likely have adverse impacts to businesses relying on the presence of vacationers, recreationists and residents in the area. In particular, the Potosi Hot Springs Resort and Potosi Alpine Yurts would suffer economic difficulties if its clients could not reach the site. This bridge also serves as the sole access for a hydroelectric generating plant owned and operated by Willow Creek Hydro LLC. A letter from the plant stated "loss of access to the power plant from failure of the bridge would result in significant economic loss to Willow Creek Hydro LLC, as well as pose significant risk to the environment and public safety."

The applicant stated that although no specific business expansion or development has been identified that will occur as a result of this project, the proposed project will assist in maintaining the private tax base in the area by assuring that local residents, particularly the ranchers, will have continued access to their properties and grazing permits on forest service land. Letters of support from businesses utilizing the bridges indicated the necessity and the importance of the structures to their viability and closure of these bridges would have a significant impact to the County.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that a public hearing was held in Virginia City on April 9, 2002. The public hearing was held in conjunction with the regularly scheduled weekly county commission meeting. At the hearing, the bridge evaluations and CIP report, and the County's comprehensive, five-year CIP were adopted, and the submittal of the TSEP application was agreed upon. The hearing was advertised in the local newspaper. No objections were expressed at the hearing; however, the MDOC

reviewer noted that according to the minutes no one from the public was in attendance to express their support or objections of the project. Newspaper articles reporting the progress of the bridge inventory and the proposed project were also printed in four area papers. Minutes from the hearing, notices, agendas and a public information handout were included in the application.

Seventeen letters of support were received from: five businesses, five residents, a state representative, the district ranger office, the sheriff, the Harrison volunteer fire department, the Bozeman unit of the DNRC, the Harrison school superintendent, and the county planner. Local citizens were provided with sample letters to inform them of the projects, and hopefully spur a letter of support.

Numerous meetings from December 2000 through March 2002 were held throughout the County to gather input on the comprehensive plan, its growth policy addendum, the County's CIP and various county projects. The meetings were advertised in various newspaper ads, articles and flyers. The plans were made available to the public at local libraries, the Harrison school, and Big Sky Owner's Association. Minutes from numerous county planning board meetings and the county commission meetings were included in the application, which showed the County's focus on various projects and the development of the CIP.

The three bridges identified are listed in the top six priorities in the 2002 bridge evaluation and CIP report. The replacement of the bridges was also a high priority in County's CIP and comprehensive plan last updated in 1999.

Project No. 4
City of Chinook – Wastewater System Improvements

This application received 3,988 points out of a possible 4,900 points and ranked 4th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting the decision of the Legislature
RUS	Grant	\$1,300,000	RUS has committed funds to the project
RUS	Loan	\$1,500,000	RUS has committed funds to the project
Applicant	Cash	\$ 22,700	Funds committed
Project Total		\$3,322,700	

Median Household Income:	\$19,276	Total Population:	1,386
Percent Non-TSEP Matching Funds:	85%	Number of Households:	657

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$30.19	-	Target Rate:	\$31.81	-
Existing Wastewater Rate:	\$25.71	-	Rate With TSEP Assistance:	\$66.27	208%
Existing Combined Rate:	\$55.90	176%	Rate Without TSEP Assistance:	\$69.27	218%

Project Summary

History – The City's wastewater treatment plant was constructed in 1986, and consists of an oxidation ditch activated sludge process, with final discharge to the Milk River.

Problem - The wastewater system has the following deficiencies:

- ☐ the screw pumps need replacement and adequate cover,
- ☐ the system operates below its design capacity resulting in inefficient use of energy by excessive aeration,
- ☐ there is only one secondary clarifier, reducing its reliability,
- ☐ the vacuum-assisted drying bed tiles are cracked, creating a non-uniform vacuum condition and the sludge on the bed is not dried consistently,
- ☐ the collection system has low areas, protruding services and root intrusion or offset joints,
- ☐ the emergency generator is unreliable, and
- ☐ the bar screens must be cleaned manually, raising concerns regarding operator safety.

Proposed Solution - The proposed project would:

- ☐ replace the existing screw pumps,
- ☐ construct a new building over the pump station,
- ☐ install an influent flow meter,
- ☐ replace the existing emergency generator with a 300 hp generator,
- ☐ install two new mixers in the oxidation ditch,

- ☐ construct another secondary clarifier, and
- ☐ replace high-priority sewer mains and manholes.

Note: The proposed solution does not propose to resolve the problems related to the drying bed tiles and bar screens. Therefore, those deficiencies were not taken into consideration in the scoring of Statutory Priority #1.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system are likely to occur in the long-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence after chronic exposure, and a moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact.

Rationale: The MDOC review engineer noted that the wastewater treatment plant is reaching the end of its useful life. If the screw pumps fail, sewage would not be pumped into the treatment plant and would backup into houses and other buildings. The screw pump building is unsafe for the operators since it is cramped, unheated (causing ice build-up in the winter), poorly ventilated, and the electrical components do not meet electrical code requirements. With only one secondary clarifier, the discharge of inadequately treated wastewater is a concern if the clarifier must be bypassed for operation and maintenance. If a relatively long power failure were to occur and the backup generator failed to operate, the wastewater treatment plant could not operate, causing raw sewage to back up into nearby homes. If the deficiencies in the wastewater treatment system are not corrected, they are likely to result in problems in the long-term.

Statutory Priority #2: Reflects greater financial need.

The applicant received 828 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 4th quintile and received 720 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 11th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 44 percent. **The relative concentration of persons living at or below the LMI level ranked 14th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 16.5 percent. **The relative concentration of persons living at or below the Poverty level ranked 19th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are

assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER is generally complete; however, there were some minor issues that were not adequately addressed. One issue was the potential freezing of the proposed new outside clarifier, since it is to be used only to take the existing clarifier off-line. Other wastewater treatment plant alternatives, such as lagoon systems, were also not sufficiently discussed.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level five and received 700 points out of a possible 700 points.

Conclusion: The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the City has a replacement fund with a current balance of \$190,267. The City budgets for annual inspection and cleaning of its collection system. The average capital expenditures from 1995 to 2000 were \$35,971 per year. The City purchased the screw pumps with intention of installing them.

The City completed its first CIP in 1979, and updated it in 1981, 1991, and 2002. The City is a member of the Bear Paw Economic Development District, which annually updates a regional comprehensive economic development strategy. The City utilizes these planning efforts to help develop a systematic approach to planning. In 1996, the City completed a water master plan. Based on this plan, the City developed three phases for its water system improvements. The first was completed in 1999.

The MDOC review engineer stated that the O&M practices of the City have been adequate and the proposed improvements are necessary due to the age of the system. The City has been budgeting for repair and replacement and annual inspection and cleaning of the wastewater system.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level five and received 600 points out of a possible 600 points.

Conclusion: The applicant conclusively demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources. In addition, the applicant adequately documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward.

Rationale: The applicant has proposed a funding package consisting of TSEP and RUS grants in combination with a RUS loan and local reserves. The City has received a commitment from RUS dependent upon the availability of TSEP funds. An SRF loan was considered because of the lower interest rate, however the project needs a substantial amount of grant funds to make it affordable and RUS grants can only be obtained in conjunction with a RUS loan. The City's last income survey showed it was 52 percent LMI, making it CDBG eligible. However, since grant funds were not required from both the CDBG and TSEP programs, the applicant decided that TSEP provided a better opportunity to be funded, based on the sizeable number of CDBG applicants during the 2001 funding cycle.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level three and received 300 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities, and cited various businesses that would benefit by the proposed improvements. However, the applicant did not reasonably demonstrate that the proposed project would directly result in the expansion of a specific business, or the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements should maintain and possibly add to the tax base if any business expansion occurs.

Rationale: The applicant stated that the project will not directly result in the creation or retention of jobs, nor will it directly result in a business expansion. The applicant stated that Chinook Meat, a meat packing company, is considering expanding its business to include a slaughterhouse. The City has been approached by the business relative to its ability to provide sewer service to the facility. The wastewater treatment plant problems could limit the City's ability to properly treat this type of wastewater.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that it held three public hearings relative to the project. The first hearing was held on September 11, 2001. Due to the national tragedy that occurred on this day, the hearing had a low attendance. A second hearing was held on January 10, 2002, and two residents were in attendance. The impact to user rates was discussed at the third hearing held on April 25, 2002, however, no residents attended. The application included copies of the meeting notices, meeting minutes, and handouts for each meeting. The City has adopted a CIP, which was included in the application.

Project No. 5 Sweet Grass County – Bridge System Improvements
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This application received 3,976 points out of a possible 4,900 points and ranked 5th out of 55 applications in the 2003 recommendations to the Legislature. The applicant's bridge levy is .10 percent of MHI, which is greater than the statewide median. **MDOC recommends the requested TSEP grant of \$235,954.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$235,954	Awaiting the decision of the Legislature
Applicant	Cash	\$184,254	Committed
Applicant	In-kind	\$51,700	Committed
Project Total		\$471,908	

Median Household Income:	\$20,867	Total Population:	3,609
Percent Non-TSEP Matching Funds:	50%	Number of Households:	1,860

Project Summary

History – The County has identified three bridges that are in critical condition and in need of replacement:

- ☐ Big Timber Creek Bridge was constructed around 1972. It is located on Howie Road, and the County considers it vital for access to Big Timber. The superstructure of the bridge consists of wood stringers with a timber deck. The substructure is constructed of driven timber piles with timber caps. The bridge has had no major improvements since it was built.
- ☐ Bridger Creek Road Bridge Stock Pass Crossing is believed to be thirty or forty years old, and is completely constructed of timber. It serves as a major route for cutting across between the Yellowstone Valley and Stillwater drainages.
- ☐ Bridger Creek Road Bridge is believed to have been built during the 1960s. It also serves as a major route for cutting across between the Yellowstone Valley and the Stillwater Drainage. This bridge was also constructed primarily with wood members. The backwall was replaced in 1977.

Problem – The County's three bridges have the following deficiencies:

- ☐ Howie Road Bridge has a sufficiency rating of 67.7. Deficiencies include:
 - failing timber piling substructure,
 - rotting backwalls and wingwalls,
 - cracked or checked glu-laminated wood stringers,
 - rotted, broken or pushed out backing planks,
 - substandard bridge rail incapable of absorbing vehicular impacts, and
 - only a narrow, single lane.
- ☐ Bridger Creek Road Bridge Stock Pass Crossing has a sufficiency rating of 10.2. Deficiencies include:
 - substructure showing signs of dry rot at bottom and pushing in at the top of both back walls,
 - cracked and checked timber stringers,
 - distressed timber deck,
 - missing bridge rail, and
 - only a narrow, single lane.
- ☐ Bridger Creek Road Bridge has a sufficiency rating of 34.2. Deficiencies include:
 - split and tipping timber piles at water line and above causing loss of bearings at caps,
 - severely rotated caps, resulting in little bearing between pile and cap,

- cracked, open split and heavily weather checked timber stringers,
- scour along face of north abutment wall,
- moisture distressed timber deck,
- missing bridge rail, and
- only a narrow, single lane.

Proposed Solution – The proposed project would replace all three bridges with the following types of structures:

- ☐ Howie Road Bridge: precast concrete bulb-tee beam bridge and driven pile foundation,
- ☐ Bridger Creek Road Bridge Stock Pass Crossing: corrugated steel culvert, and
- ☐ Bridger Creek Road Bridge: precast concrete tri-deck superstructure supported by a concrete foundation.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that the Howie Road Bridge has a sufficiency rating of 67.7; the Bridger Creek Road Bridge Stock Pass Crossing has a NBI sufficiency rating of 10.2; and Bridger Creek Road Bridge has a NBI sufficiency rating of 34.2. The two level four bridges (Bridger Creek Road and Bridger Creek Road Bridge Stock Pass Crossing) make up 52 percent of the cost of the total project, while the Howie Road Bridge, which is a level three, makes up 48 percent of the total project. After weighting the score level assigned each individual bridge project and the percentage of total costs each represents, a level four score was assigned to the total project.

Statutory Priority #2: Reflects greater financial need.

The applicant received 756 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 22nd out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 39 percent. **The relative concentration of persons living at or below the LMI level ranked 26th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 10.4 percent. **The relative concentration of persons living at or below the Poverty level ranked 43rd out of the 55 applications.**

Indicator #2. Financial Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.10%
Bridge levy as it relates to the state median of .04 percent	250%
Entire levy as a percent of MHI	4.58%
Entire levy as it relates to the state median of 2.78 percent	165%
2001 mill value as a percent of 1986 mill value	133%
2001 bridge mills as a percent of 1986 bridge mills	426%
Ratio of 2001 bridge levy to 1986 bridge levy	566%

The financial analysis was scored a level five because it appeared that the County has made outstanding financial efforts to fund its bridge system compared to the other TSEP bridge applicants and relative to the County's size, population, and financial capacity. In 2001, the County's bridge levy as a percentage of the MHI was .10 percent, which is 2.5 times the state median. This was the second highest levy of all of the bridge applicants.

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant clearly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were no issues of any significance that were not adequately addressed.

Rationale: The MDOC review engineer noted that that the PER for each of the three bridges provided the required information. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were a few cost items not completely discussed, but they were not considered to be of any significance by the team of review engineers.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the County adopted a bridge inventory, evaluation and a bridge CIP in April 2002, which will be reviewed annually and integrated into the County's overall CIP. The three bridges represent three of the top five critically listed structures in the bridge CIP and county master plan. The MDOC review engineer noted that the applicant's engineer inspected and evaluated only 22 of the County's 100 bridges, due to limited resources. The 22 bridges evaluated were selected as those in the poorest condition based on the initial review and comments from the County's bridge department.

The County is currently in the process of preparing a growth policy plan, which will replace the County's master plan adopted in 1993. A transportation study prepared for Big Timber and Sweet Grass County in 1977, recommended that an improved regional collector be developed to serve the northeast portion of the County; the Howie Road Bridge is on that road, and therefore, its replacement is consistent with that study.

The County's bridge standards, adopted in April 2002, require that all new bridges be designed by a professional engineer registered with the State of Montana. This requirement will ensure that all future County bridges are properly designed and constructed according to AASHTO and MDT guidelines and standards.

The County has repaired or replaced over 220 bridges and culverts since 1996 at an approximate cost of \$4.39 million. However, this figure includes a \$3 million bridge replacement project at Grey Cliff. Many of the larger projects were substantially funded by others: MDT, Stillwater Mining Company and FEMA. County crews have replaced smaller bridges, particularly those of timber construction, with new concrete, steel or culvert structures. The County has been working with the Stillwater Mining Company over the past seven years, upgrading the road and bridges on the East Boulder road in order that the company could gain access to its operations. The mining company paid the entire cost of replacing one major bridge over the Boulder River, at a cost of \$300,000, replacing two other smaller bridges, and repairing and/or reinforcing five others. The County used \$130,000 in revenues from gas taxes towards the East Boulder bridge improvements.

The County has levied the maximum number of mills allowed; however, budget restrictions imposed have made it difficult for the County to build sufficient reserves to finance major infrastructure replacement and rehabilitation projects. The County has not set aside a bridge reserve fund. Instead, they carry over savings from the previous year to be used for emergencies or large projects.

The County has also been involved with several other infrastructure projects. It is moving forward with a CTEP project consisting of sidewalk replacements and additions in Big Timber. The County also has been involved with improvements to the airport facilities in Big Timber. Following closure of the County-owned hospital in the late 1980s, an addition to the nursing home was constructed, which is also used for emergency medical and hospital services. The County also recently constructed an assisted living facility in Big Timber next to the nursing home.

The deterioration of the three bridges is due to the advanced age of the structures and could not have been prevented by operation and maintenance activities. The structures have simply exceeded their useful life.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level five and received 600 points out of a possible 600 points.

Conclusion: The applicant conclusively demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to

thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources. In addition, the applicant adequately documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant in combination with local reserves. The applicant stated that the County has set aside \$130,000 in gas tax funds and would obtain the remaining portion of the match from PILT monies and through in-kind services. The applicant gave a rationale for utilizing or not utilizing 19 potential funding sources. The applicant does not believe there are any other feasible sources for funding besides TSEP and the County's bridge budget; therefore, TSEP funds are critical to this project.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the bridge system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that it could not provide a specific example of a business that would expand as a result of this project, but the replacement of the bridges would assist in retaining current long-term, full-time jobs. The Howie Road Bridge is critical to the northeast area of Sweet Grass County as a farm to market road. Farmers and ranchers in the area use it to haul hay, transport grain, move livestock, secure supplies, etc. A major user of the bridge is Connor's Concrete, Inc, which is continually supplying concrete and gravels for the construction of new residences in the Howie area. In addition, several members of the work force live in the Howie area. These people travel into Big Timber and beyond for their jobs.

The Bridger Creek Bridges provide key links between the Stillwater and Yellowstone valleys, and access to mining, logging, livestock grazing, hunting and recreational activities in the area. The replacement of these structures will enable businesses currently using the area to continue accessing the area. The replacement of these structures will allow ranchers to access Forest Service grazing permits. A major user of this road, Stillwater Mining Company, utilizes this route on a routine basis to conduct business between the Nye and East Boulder mines. This route is also critical to several hauling contractors in the area.

Additionally, all three of the bridges are crucial to service oriented businesses. Use of the bridges is crucial in maintaining their client base and sustaining jobs. While there are no plans for developing a business in these areas, subdivision development and logging are possibilities. Howie Road has numerous clusters of small size parcels that will likely result in residential development, or small commercial or industrial operations.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level five and received 400 points out of a possible 400 points.

Conclusion: The applicant conclusively demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its estimated

cost and the impact per household. In addition, the applicant provided documentation to show that the project is clearly a high local priority and strongly supported by the public.

Rationale: The applicant stated that the County has taken great efforts to solicit citizen participation for the proposed project. The topic of bridge improvements has been a consistent item on the county commissioner's agenda over the last couple of years. However, the MDOC reviewer could not find any minutes or agendas prior to March 2002 in the application to confirm this statement. A public hearing was held on March 20, 2002, to receive comments on the bridge inventory, evaluation and bridge CIP. Unfortunately, a heavy spring snowstorm was occurring at the time and few people were in attendance. Another public hearing was held in Big Timber on April 16, 2002 to inform the public about the proposed project. The hearing was advertised in the local newspaper, and held during midday, at a time and place convenient to the public. Sixteen people, including the sheriff, an ambulance driver, the local state legislator, and a resident from the Howie area were in attendance. In addition, another citizen requested to be called during the hearing and was put on the speakerphone to give her support for the project. Fearing that only a few may show up to the hearing, the County made sure that a reporter from the local newspaper would be in attendance to cover the hearing and get the word out to the public. The *Sweet Grass News* reported on the progress of the bridge inventory and the proposed project. It was discussed that the taxpayers would not see an increase in taxes from this project. No objections were expressed at the hearing, or received since the newspaper article was printed. Minutes from numerous meetings held between March and April 2002, a hand out, and the hearing notice were included in the application.

The County solicited input from citizens, agencies, and businesses that it felt might have an interest in one or more of the bridge projects. Sample letters were sent out to people to inform them of the projects and hopefully spur a response. Nineteen letters of support were received from: seven residents, three emergency personnel, a school superintendent, two businesses, two county departments, three planning or development agencies, and a U.S. Forest Service district ranger. In addition, there was one telephoned statement of support from the county planning director. The campaign to solicit support was designed to also inform the public about the projects, a process that the County feels was successful.

The three bridges are listed in the top five priorities in the 2002 Bridge Inventory, Evaluation and Capital Improvement Plan Report. The County stated that the proposed improvements for priorities two (Swamp Creek) and four (Old Boulder Bridge) could be funded through other sources.

Project No. 6
Stillwater County – Bridge Improvements

This application received 3,968 points out of a possible 4,900 points and ranked 6th out of 55 applications in the 2003 recommendations to the Legislature. The applicant is requesting a hardship grant, whereby it would provide only a 45.6 percent match as compared to the typical 50%. Since the applicant met all three criteria required for a hardship grant, **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature
Applicant	Cash	\$450,000	Committed, partially expended
Applicant	In-kind	\$ 19,134	Committed
Project Total		\$919,134	

Median Household Income:	\$23,582	Total Population:	8,195
Percent Non-TSEP Matching Funds:	46%	Number of Households:	3,947

Project Summary

History – The County has identified five bridges that are in critical condition and in need of replacement:

- ❑ The West Rosebud Creek Bridge, constructed around 1950, is located on West Rosebud Road. The road is a major arterial and sole access to and beyond Mystic Lake, and provides the only access to a hydroelectric power plant at the lake. The superstructure consists of steel through truss with timber stringers and decking. The substructure consists of a small diameter pipe piling with timber backwalls and wingwalls.
- ❑ The Grove Creek Bridge had some improvements in the 1950s. The bridge is located on a major route between Secondary 419 and Secondary 420. The superstructure consists of concrete/steel and the substructure consists of steel pipes and concrete.
- ❑ The Limestone Creek Bridge was constructed around 1960. It serves as a major route for U.S. Forest Service traffic, including fire crews. The superstructure consists of timber stringers and planks, and the substructure is constructed of steel pipes set in concrete footings with timber backwalls.
- ❑ The Pope Road Bridge was constructed around 1965. It serves as a major route for area farmers. The superstructure consists of timber and steel and the substructure consists of driven timber piles with timber caps.
- ❑ The Youngs Point Road Bridge was constructed around 1945. It serves as the sole access to several residents, farmers, and ranchers. The superstructure and substructure are both constructed of reinforced cast-in-place concrete.

Problem – The County's five bridges have the following deficiencies:

- ❑ West Rosebud Creek Bridge has a deficiency rating of 40.8. Deficiencies include:
 - substructure constructed of undersized piling,
 - rotting and failure of backwalls and wingwalls,
 - cracked or badly checked timbers,
 - substandard bridge rail incapable of absorbing vehicular impacts, and
 - only a single lane.
- ❑ Grove Creek Bridge has a sufficiency rating of 30.7. Deficiencies include:

- scour under foundation,
 - substructure experiencing pile corrosion and scaled and cracked concrete,
 - substandard bridge rail incapable of absorbing vehicular impacts,
 - cracked and scaled concrete wing walls, and
 - only a single lane.
- ☐ Limestone Creek Bridge has a sufficiency rating of 45.1. Deficiencies include:
- substandard substructure,
 - walls experiencing scour below the footings,
 - checked timber stringers, some developing cracks, and
 - only a single lane.
- ☐ Pope Road Bridge has a sufficiency rating of 9.3. Deficiencies include:
- deteriorating timber pile substructure,
 - failing timber pile foundation,
 - some section loss of timber deck,
 - skew crossing irrigation canal,
 - substandard bridge rail incapable of absorbing vehicular impacts, and
 - only a single lane.
- ☐ Youngs Point Road Bridge has a sufficiency rating of 17.3. Deficiencies include:
- deteriorating substructure, reinforcement is exposed in walls and bottom,
 - cracking and scaling wingwalls,
 - deteriorating deck,
 - substandard bridge rail incapable of absorbing vehicular impacts, and
 - only a single lane.

Proposed Solution - The proposed project would replace all five bridges with the following types of structures:

- ☐ West Rosebud Creek and Grove Creek Bridges: single span precast, prestressed concrete bulb-tee bridges.
- ☐ Limestone Creek Bridge: an aluminum box culvert,
- ☐ Pope Road Bridge: a steel multi-plate arch culvert, and
- ☐ Youngs Point Road Bridge: a single span precast concrete tri-deck superstructure with poured concrete foundation.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that the West Rosebud Creek Bridge has a NBI sufficiency rating of 40.8; the Grove Creek Bridge has a NBI sufficiency rating of 30.7; the Limestone Creek Bridge has a sufficiency rating of 45.1; the Pope Road Bridge has a NBI sufficiency rating of 9.3; and Youngs Point Road Bridge has a NBI sufficiency rating of 17.3. The lowest appraisal and element condition rating for four of the five bridges is a three; West Rosebud Bridge's lowest condition rating is a four. Therefore, all five bridges meet the criteria for being scored at a level four.

Statutory Priority #2: Reflects greater financial need.

The applicant received 648 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 35th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 36 percent. **The relative concentration of persons living at or below the LMI level ranked 36th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 10.6 percent. **The relative concentration of persons living at or below the Poverty level ranked 42nd out of the 55 applications.**

Indicator #2. Financial Analysis: The applicant placed in the 4th quintile and received 720 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.12%
Bridge levy as it relates to the state median of .04 percent	300%
Entire levy as a percent of MHI	3.80%
Entire levy as it relates to the state median of 2.78 percent	137%
2001 mill value as a percent of 1986 mill value	187%
2001 bridge mills as a percent of 1986 bridge mills	181%
Ratio of 2001 bridge levy to 1986 bridge levy	338%

The financial analysis was scored a level four because it appeared that the County has made outstanding financial efforts to fund its bridge system compared to the other TSEP bridge applicants and relative to the County's size, population, and financial capacity. In 2001, the County's bridge levy as a percentage of the MHI was .12 percent, which is three times the state median. However, the County has benefited from an enormous increase in its mill value since 1986, unlike some of the other bridge applicants that were severely impacted by major decreases in mill values.

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant clearly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were no issues of any significance that were not adequately addressed.

Rationale: The MDOC review engineer noted that the PER for each of the five bridges provided the required information. All reasonable alternatives and combinations of cost for superstructures and substructures were considered, and the technical designs for the chosen alternatives represent cost-effective solutions, considering the size of the County and its resources. No additional right-of-way is needed to complete the proposed structures. The proposed projects completely resolve the deficiencies of the five bridges, and the implementation schedules seem reasonable and well laid out.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that a bridge evaluation and bridge CIP was adopted in April 2002, which will be reviewed annually and integrated as part of the County's CIP. According to the applicant, the replacement of the bridges represents five of the top seven structures in the bridge evaluation and bridge CIP. The other two bridges from the top seven will likely be funded through other programs. The County's CIP was not included in the application, and therefore, the MDOC reviewer was not able to confirm what is contained in the CIP or that the proposed bridge projects are priorities of the CIP.

The County's bridge standards, adopted in April 2002, require that all new bridges be designed by a professional engineer registered with the State of Montana. This requirement will ensure that all future County bridges are designed and constructed according to AASHTO and MDT guidelines and standards. An inspection of all bridges under 20' is done every two years. The County road and bridge department prepares an operation plan on an annual basis, and has a three-man crew for bridges, with a bridge foreman who is certified to inspect bridges. The County does not have a CIP for its roadways at this time. The County is participating in a pilot MDT program, administered through MACO, which will map all of its roadways.

The County has replaced or rehabilitated thirty-seven bridges since 1984, thirty-four of them since 1995. Of these thirty-seven bridges, twenty-two were replaced, eleven were repaired, and another four will be repaired this summer by county crews, at a total cost of approximately \$906,000. County crews have replaced smaller span bridges, particularly those of timber construction, with new concrete, steel or culvert structures. The County has funded bridges through joint efforts with an Absarokee developer and Yellowstone County, and has now reached the point where they have addressed those structures within the capabilities of their own crews.

In addition, the County has moved forward with numerous CTEP projects around the County including sidewalk replacements in Absarokee and Park City. The County also has been involved with improvements to the airport facilities in Columbus, the wastewater system in Park City, and the water system in Absarokee.

The County has levied the maximum number of taxes allowable by law for the past seven years. Budget restrictions have made it difficult for the County to build sufficient reserves to finance major infrastructure replacement and rehabilitation projects, so the County enacted a local vehicle option tax in 1997. The tax brings in approximately \$200,000 annually to the road and bridge department. The County has used this money over the last three years to surface many miles of roadway around Columbus and Absarokee with recycled asphalt pavement. The County took advantage of major highway projects in the area and obtained millings from MDT at no cost other than their own hauling costs. The tax has also allowed the County to build reserves for the proposed project. The County is limited in the number of bridge mills that can be charged through property tax assessments. However, MDOC figures show that the County levies .12 percent of the County's MHI for bridges, which is three times statewide median of .04 percent.

The MDOC review engineer noted that the deterioration of the five bridges is primarily due to the age of the structures and could not have been prevented by operation and maintenance activities. The structures have simply exceeded their useful life.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level five and received 600 points out of a possible 600 points.

Conclusion: The applicant conclusively demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources. In addition, the applicant adequately documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant and local reserves. The applicant stated that after discovering that it could apply for a hardship waiver, the County decided it was in their best interests to do so. The additional match that would not be needed could be used on other critical bridge projects. However, the applicant stated should the hardship waiver not be granted and additional funds are needed, this additional match would be made available through in-kind services while some other projects would be delayed.

The applicant provided a rationale for utilizing or not utilizing 19 potential sources of bridge funding along with considering assistance from PPL Montana and Yellowstone County, since the Pope Road Bridge is situated near the Yellowstone County line. Yellowstone County is an applicant this funding cycle so they were not able to commit at this time, and PPL Montana offered support but no funding assistance. The County concluded that no other viable funding sources other than TSEP are available for replacement of the three identified bridges.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level three and received 300 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities, and cited various businesses that would benefit by the proposed improvements. However, the applicant did not reasonably demonstrate that the proposed project would directly result in the expansion of a specific business, or the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the bridge system. The proposed improvements should maintain and possibly add to the tax base if any business expansion occurs.

Rationale: The applicant stated that specific business expansion projects cannot be identified at this time, however, replacement of the bridges are considered critical to retaining local long-term, full-time

jobs and maintaining the private tax base in the area. The West Fork Bridge provides key access to the Custer National Forest and serves as sole access to 20 year round residences. KEM Ready Mix is a major user of the West Fork, West Rosebud, and Grove Creek bridges. The Stillwater Mining Company also uses this road to access some of its adits above the main mine at Nye. Closure of this bridge would also likely have adverse impacts to businesses relying on the presence of vacationers, recreationists and residents in the area. One area rancher stated "permanent closure would mean we would not have any access to our ranch."

In the summer of 2001, a recreational use survey was conducted by PPL Montana in the West Rosebud drainage. The survey report showed the amount and type of recreational use that continues to grow in this area. The bridge also provides the only access to PPL Montana's hydroelectric power generating plant at Mystic Lake. Closure of the bridge would impact plant operations.

The Grove Creek Bridge provides a critical route for several hauling contractors in the area. The Pope Road Bridge is used as a farm to market road. Farmers in the area use it continually, particularly the beet farmers who take their harvest to a beet staging and shipping area. Closure of the bridge would inconvenience them in their efforts to ship their crops to market. The Youngs Point Road Bridge primarily serves residents and a couple of ranches. Being a sole access to nine year round residents, closure would have significant impacts on the ranchers and farmers.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level five and received 400 points out of a possible 400 points.

Conclusion: The applicant conclusively demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its estimated cost and the impact per household. In addition, the applicant provided documentation to show that the project is clearly a high local priority and strongly supported by the public.

Rationale: The applicant stated that seven county officials and a news reporter attended a public hearing held in Columbus on April 16, 2002 to discuss the project, funding, and submittal of the grant application. The hearing was held in conjunction with the regularly scheduled weekly county commission meeting, and was advertised in the local newspaper. Fearing low attendance at the hearing, the County requested a newspaper reporter be in attendance to cover the hearing and get the word out to the public. No objections were expressed at the hearing, nor were any received after the newspaper article was printed. The meeting minutes, the agenda, notice, news article, and meeting handout were included in the application. News articles reporting the progress of the bridge inventory, the proposed improvement project, and other County bridge improvement projects were also included in the application.

The application contained over 34 letters of support from 19 residents and 15 others from emergency service personnel, businesses, area ranchers, county personnel, state legislators, school superintendent, and the County's public works department. Seven phone memos indicating support were also included in the application. People were provided with sample letters to inform them of the projects and hopefully spur a response.

The five bridges identified in the application are listed in the top seven priorities in the bridge evaluation and bridge CIP, adopted in April 2002. The five bridges were also a high priority in the Stillwater county master plan adopted in 1997.

Project No. 7
Power-Teton County Water and Sewer District – Water System Improvements

This application received 3,904 points out of a possible 4,900 points and ranked 7th out of 55 applications in the 2003 recommendations to the Legislature. The applicant is requesting a hardship grant with only a 46.8 percent match. Since the applicant met all three criteria required for a hardship grant, **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature
RRGL	Grant	\$100,000	Awaiting the decision of the Legislature
SRF	Loan	\$339,900	On the priority list
Project Total		\$939,900	

Median Household Income:	\$29,483	Total Population:	170
Percent Non-TSEP Matching Funds:	47%	Number of Households:	69

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$19.60	-	Target Rate:	\$48.65	-
Existing Wastewater Rate:	\$20.00	-	Rate With TSEP Assistance:	\$99.25	204%
Existing Combined Rate:	\$39.60	81%	Rate Without TSEP Assistance:	\$140.16	288%

Project Summary

History – The District's drinking water distribution system was constructed in 1969, and both the 50,000-gallon on-grade storage reservoir and booster station, were constructed in 1970. Portions of the water treatment facility are currently being re-designed, and construction will begin soon, with TSEP funds awarded by the 2001 Legislature. A pilot study was completed to determine the most effective treatment options, and it concluded that a new, smaller pre-sedimentation basin should be constructed in a second phase in order to reduce turbidity in the water drawn from Muddy Creek.

Problem - The District's water system has the following deficiencies:

- ☐ high-organic concentrations in the existing pre-sedimentation basin are likely to result in disinfection by-products violations,
- ☐ large amounts of organic materials are released from the sediment deposited in the pre-sedimentation basin,
- ☐ algae problems during summer time contributes to taste and odor problems,
- ☐ no storage for emergency or fire flow,
- ☐ lack of storage capacity and undersized distribution lines resulting in low water pressure during peak demand times,
- ☐ no auxiliary power, and
- ☐ dead-end distribution lines.

Proposed Solution - The proposed project would:

- ☐ construct a pre-sedimentation basin adjacent to the existing basin,
- ☐ construct a 250,000 gallon ground water storage tank with transmission main, and
- ☐ construct approximately 8,100' of 6", 8", 10", and 12" distribution line.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that the existing water distribution and storage system can meet the basic wintertime domestic demands, but cannot provide any fire flows, making the system's ability to provide fire protection grossly inadequate. The lack of fire flows represents a serious risk to public safety because there is the potential for substantial property damage and/or loss of life due to a fire if the storage and distribution system improvements are not constructed. The proposed storage and distribution system improvements will correct these deficiencies.

Pilot testing of the water treatment plant indicated that the existing six million-gallon pre-sedimentation basin has 30 years of accumulated sediment that has turned septic, which significantly increases the amount of organic compounds in the water. The long detention time, elevated temperatures, and resultant algae growth in the existing pre-sedimentation basin also contribute to elevated levels of trihalomethanes (THM) and haloacetic acids (HAA). Once the proposed storage tank is placed on-line, the increased detention time could potentially contribute to the formation of THM and HAA. The elevated levels of organic compounds are causing taste and odor problems, and over the long-term, these compounds have been proven to increase the risk of cancer. However, the existing pre-sedimentation basin does not pose an immediate threat to the public health and safety since the THM and HAA limits have not yet been exceeded.

Statutory Priority #2: Reflects greater financial need.

The applicant received 684 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 48th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 37 percent. **The relative concentration of persons living at or below the LMI level ranked 29th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 9 percent. **The relative concentration of persons living at or below the Poverty level ranked 47th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant clearly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were no issues of any significance that were not adequately addressed.

Rationale: The MDOC review engineer noted that the PER provided all of the information required. All appropriate alternatives were identified and thoroughly considered, and the selected solution represents an appropriate and cost-effective option for resolving the problems. A small portion of the improvements to the distribution system, needed to reinforce the fire flows throughout town, will be left until a subsequent phase because of funding limitations.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the District completed a comprehensive study of the District's water and sewer system in 1981. The study recommended the construction of a wastewater collection and treatment system, and the District completed those improvements.

The District prepared a comprehensive performance evaluation of its surface water treatment facility in 1988. The District implemented all of the recommendations presented in the evaluation with the exception of the major infrastructure items. Water meters were installed on individual service connections in 1995, in an effort to promote conservation of water. The District recently completed a pilot study of two treatment alternatives, and concluded that a new, smaller pre-sedimentation basin should be constructed to reduce turbidity in the water drawn from Muddy Creek.

The District recently voted to raise water rates. The District has accumulated reserves of approximately \$123,000, and obligated \$100,000 of these reserves for completion of the improvements currently under design through a 2001 TSEP grant.

In January 2000, a committee of area residents helped design, distribute and compile a community needs survey. The advisory committee delivered the survey to 66 of 67 households and received back 100 percent of the surveys.

The MDOC review engineer stated that the O&M practices of the District have been adequate. The District has not raised water rates for some time and has not completed many improvements to the water system since the original construction of the treatment plant in 1970 and storage tank in 1977.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level five and received 600 points out of a possible 600 points.

Conclusion: The applicant conclusively demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources. In addition, the applicant adequately documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with an SRF loan. The District is ineligible to receive grants from RUS because of the District's high MHI, and is ineligible to apply to CDBG because it does not meet the LMI threshold of 51 percent.

The District is requesting a hardship waiver partially because with the debt incurred for the current 2001 TSEP project and the debt to be incurred for the proposed project, the District would be over two times the target rate. As a result, the District also requested consideration of a larger grant amount to offset the financial burden placed on the residents of Power. However, because of the record number of applications received and the limited grant dollars available, MDOC is not recommending any additional funds beyond the \$500,000 TSEP grant amount that is typically awarded.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that by implementing the proposed project, the water system would have sufficient capacity to meet the projected needs of the community for a minimum of 20 years, and, although no specific jobs or businesses were identified, the proposed project should maintain, if not encourage expansion of, the existing tax base.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level five and received 400 points out of a possible 400 points.

Conclusion: The applicant conclusively demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its estimated cost and the impact per household. In addition, the applicant provided documentation to show that the project is clearly a high local priority and strongly supported by the public.

Rationale: The applicant stated that in 2000, several Power residents formed an advisory committee to ensure that each resident had an opportunity to express their opinion as to the needs within the community and the District. A needs assessment, that included an economic survey, was distributed to residents of the District. The committee also distributed a survey in the form of a comment sheet to local businesses and non-profit organizations. The results from both the needs assessment and business

surveys indicated the lack of system pressures and flows as a deficiency of the existing system. The return rate for the surveys was 100 percent. An income survey was also conducted in 2000.

Three meetings were held in 2000, to discuss infrastructure needs throughout the County and the proposed project. In spite of poor winter driving conditions and sub-zero temperatures, 13 residents from Power drove 70 miles to the second county meeting held in Choteau to express their concerns regarding the existing water system in Power. A majority of the 27 people in attendance felt the Power water system should rank number one on the list of the County's infrastructure needs. Twenty-eight individuals attended the third meetings held in Power to review the PER.

As part of the current improvements, the District was required to pass a debt election allowing it to incur indebtedness for completion of the project. The election passed by a vote of 69 to 22; however, the MDOC reviewer could not find documentation confirming the results. According to the applicant, the election results confirm that the majority of the residents within the community support the proposed infrastructure improvements.

Twenty-eight individuals attended the District's annual meeting held April 25, 2001. The engineer discussed and answered questions about the water project and presented water rates of various cities in the area for comparison to the proposed rate for Power.

The last public meeting was held on April 24, 2002, which 22 attended. A handout was distributed that contained considerable information about the proposed improvements. Each of the possible funding scenarios and resultant user rates were specifically discussed. Newspaper articles and newsletters have been used throughout the planning process to obtain community support and encourage citizen participation. Legal notices for all public meetings were published in both the Fairfield and Choteau local newspapers. Meeting notices were also included in the Power school's monthly publication, which were mailed to all residents. Additionally, posters containing meeting times and locations were displayed throughout the community. Copies of minutes, sign-in sheets, affidavits of publication, meeting handouts, posters and a list of locations where posters were displayed were included the application.

Ten letters of support were submitted with the application including: three from state legislators, one signed by all three of the county commissioners, along with other letters from the county sanitarian, the county fire warden, the school superintendent, a business owner, and two individual users. Six of the letters were written in 2000 and were submitted as part of the previous 2001 TSEP grant application.

Project No. 8
Richland County – Bridge Improvements

This application received 3,896 points out of a possible 4,900 points and ranked 8th out of 55 applications in the 2003 recommendations to the Legislature. The applicant's bridge levy is .08 percent of MHI, which is greater than the statewide median. **MDOC recommends the requested TSEP grant of \$351,625.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 351,625	Awaiting the decision of the Legislature
Applicant	Cash/ In-Kind	\$ 351,625	Funds committed
Project Total		\$ 703,250	

Median Household Income:	\$23,264	Total Population:	9,667
Percent Non-TSEP Matching Funds:	50%	Number of Households:	3,878

Project Summary

History – The County has identified four bridges that have various deficiencies and in need of replacement:

- ❑ West Finnicum Bridge is an 82' long, three span structure that was re-constructed in 1972. In 1985, the center span failed. The County made minor modifications to the pile caps and set a pre-stressed concrete deck for the main span replacement. The bridge has a ten-ton weight limit.
- ❑ East Palmer Bridge is a 48' two span structure that was built in 1972 to replace a shorter 36' bridge that washed out during spring runoff.
- ❑ Vournas Bridge is a 90' structure. It crosses Hardscrabble Creek within ¼ mile where it joins the Missouri River. The last reconstruction of the bridge occurred in 1977.
- ❑ East Carlson Bridge is a 21' structure that lies on MT Hwy 480. In 1980, the wood bridge failed and was rehabilitated.

Problem – These four bridges have the following deficiencies:

- ❑ West Finnicum Bridge has a sufficiency rating of 30.1. Deficiencies include:
 - wood rot and mildew on the northeast and southeast corners, and
 - wood pile caps are slowly crushing under the concrete tri-deck load.
- ❑ East Palmer Bridge has a sufficiency rating of 64.8. Deficiencies include:
 - cracks in the individual planks, and
 - sloughing of the west embankment has occurred which has resulted in a void under the west fill face of the bridge back-wall.
- ❑ Vournas Bridge has a sufficiency rating of 63.7. Deficiencies include:
 - ice has impacted the piling near the intermediate pile cap and has knocked the vertical alignment of the piling westerly.
- ❑ East Carlson Bridge has a sufficiency rating of 61.2. Deficiencies include:
 - the original piling and back-wall are showing signs of distress, and
 - the concrete deck is not fastened to the back-wall.

Proposed Solution - The proposed project would replace all four bridges using driven steel H-pile for foundation support or a spread footing, concrete pile cap and end walls, pre-cast concrete decking, and W-beam guardrails.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that the Vournas Bridge has an NBI sufficiency rating of 63.7 and the lowest appraisal is a four; the East Palmer Bridge has an NBI sufficiency rating of 64.8 and the lowest appraisal rating is a four; the West Finicum Bridge has an NBI sufficiency rating of 30.1 and the lowest appraisal rating is a two; and the East Carlson Bridge has a NBI sufficiency rating of 61.2 and the lowest element condition rating is a five. The one level five bridge (West Finicum) makes up 32 percent of the cost of the total project, while the other three bridges are level three bridges and make up 68 percent of the total project. After weighting the score level assigned each individual bridge project and the percentage of total costs each represents, a level four score was assigned to the total project.

Statutory Priority #2: Reflects greater financial need.

The applicant received 756 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 30th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 36 percent. **The relative concentration of persons living at or below the LMI level ranked 36th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 14.0 percent. **The relative concentration of persons living at or below the Poverty level ranked 29th out of the 55 applications.**

Indicator #2. Financial Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.08%
Bridge levy as it relates to the state median of .04 percent	200%
Entire levy as a percent of MHI	2.08%
Entire levy as it relates to the state median of 2.78 percent	75%
2001 mill value as a percent of 1986 mill value	16%
2001 bridge mills as a percent of 1986 bridge mills	682%
Ratio of 2001 bridge levy to 1986 bridge levy	107%

The financial analysis was scored a level five because it appeared that the County has made outstanding financial efforts to fund its bridge system compared to the other TSEP bridge applicants and relative to the County's size, population, and financial capacity. In 2001, the County's bridge levy as a percentage of the MHI was .08 percent, which is two times the state median. This was accomplished even though the value of the County's mill has decreased significantly since 1986. The County has increased the number of bridge mills considerably in order to maintain a high level of support for its bridge system.

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER generally provided most of the information required and there were only minor issues that were not adequately addressed. The entire bridge system appeared to have been considered, however it was not clear what process was used to pick the bridges for the TSEP application. Also, the PER did not thoroughly discuss the floodway for the bridges because a preliminary hydraulic study was not conducted as part of the PER, nor did the PER recommend completing a hydraulic study during final design. It is not clearly understood whether the flood plain and its effects on the bridges during ice flows and run-off was, or would be, adequately considered.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level five and received 700 points out of a possible 700 points.

Conclusion: The applicant conclusively demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that in 1989 a comprehensive economic development strategy

was completed and is updated on an annual basis. The County has inventoried its bridge system yearly since 1990. In 1996, a community needs survey was conducted in which bridge improvement projects were listed as a high priority. The County has adopted a bridge CIP, which is updated annually. A historical study, which includes an inventory of bridges located on the Lower Yellowstone Main Canal, has also been completed.

Over the last eight years, the County has spent approximately \$134,126 per year on capital expenditures directly related to bridge replacement and repairs. In 1992, the County created a capital improvement account to fund capital equipment as well as bridges. Since 1991, the maximum mills have been levied for bridges. In addition, the County levied two emergency mills to repair bridges damaged by floods in 1997. A local vehicle options tax (LVOT) was initiated in 1997, for a period of two years to fund capital expenditures directly related to bridge replacement and repairs. These funds have been utilized to match TSEP funds in bridge projects in FY1999 and FY2001. In 1997 and 1998, five extra mills were added for bridges. In 2002, the County continues at the maximum mill commitment including the addition of two floating mills during this fiscal year.

The MDOC review engineer stated that the O&M practices of the County have been adequate. The deficiencies of the bridges result from the fact that they are primarily constructed of wood and range in age from 22 to 64 years.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant and local reserves. The applicant stated that once the project was identified and alternative solutions evaluated, it took a comprehensive look at its capacity to pay for improvements including local financing tools, debt financing possibilities, as well as, all of the federal programs and MDT programs. It determined that with the exception of TSEP, there are no other viable sources of funding available for the replacement of the four bridges outside of the LVOT, capital improvement and county force accounts.

The engineer's estimate for construction of these three bridges is \$703,250 if the project were to be bid out. The County has indicated that it will match the TSEP Grant with "force account" labor and equipment. The MDOC reviewer noted that by utilizing its own labor and equipment, the applicant would lower the total project cost.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the bridge system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the proposed project is an infrastructure improvement that

will benefit the whole community, however, long-term, full-time jobs created or retained by this project cannot be specifically identified nor is the project directly-related to an expansion of a business.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that it held a public hearing on March 14, 2002, to discuss the proposed project. Posters were placed in four locations around the county and the hearing was advertised in the local newspaper. At this meeting, residents were able to examine the impact the replacement of the bridges would have on the area, and review the proposed funding and technical issues regarding construction activities. Those attending were informed that there was no anticipated increase in taxes associated with the project. The application included a copy of the affidavit of publication, minutes of the meeting, attendee list, poster, six letters of support, as well as a newspaper article relative to the project. The Richland County Housing Authority (RCHA) conducted a promotional campaign to identify and prioritize the county's community development needs and priorities dating back to July 1995. RCHA sent needs assessment surveys to county residents. In May of 1996, a public hearing was held to discuss the survey results, including repair of the county's bridges.

Project No. 9
Town of Stanford – Water System Improvements

This application received 3,852 points out of a possible 4,900 points and ranked 9th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature
RRGL	Grant	\$100,000	Awaiting the decision of the Legislature
RUS	Grant	\$192,000	RUS has committed funds to the project
RUS	Loan	\$1,144,900	RUS has committed funds to the project
Project Total		\$1,764,100	

Median Household Income:	\$20,227	Total Population:	454
Percent Non-TSEP Matching Funds:	74%	Number of Households:	236

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$12.37	-	Target Rate:	\$33.37	-
Existing Wastewater Rate:	\$23.50	-	Rate With TSEP Assistance:	\$51.17	153%
Existing Combined Rate:	\$35.87	107%	Rate Without TSEP Assistance:	\$60.08	180%

Project Summary

History - The Town's water distribution system was constructed in 1928 of 4", 6", and 8" cast iron lines. Approximately 1,900' of 4" and 6" PVC pipe was installed in the 1980s and 1990s. Two wells were drilled in the 1940s that are still in use. Another well was drilled in 1951, but it has high levels of iron and manganese as well as dissolved gases, and is only used in emergency situations. Two more wells were added, one in 1979 and the other in 1981, which are still in use. Three of the Town's four wells must be throttled back due to a continued decline in production that resulted from poor construction, incrustation and biofouling of the wells. Without limiting the amount of water pumped from these wells, the water levels in the wells drop below the pump intakes, thereby damaging the pumps. The lack of an adequate supply leads to strict water rationing during the summer months. Storage for the community consists of a 75,000 gallon elevated steel water tank, obtained from another community in 1960, but originally built in the 1940s.

Problem - The Town's water system has the following deficiencies:

- ☐ three of the four wells have biofouling and incrustation,
- ☐ the water supply cannot meet average daily demand and is greatly insufficient to meet peak daily demands,
- ☐ the largest producing well has high amounts of dissolved gases, iron and manganese,
- ☐ inadequate supply, storage and old, undersized water mains allow system pressure to drop below 20 psi during high demand periods, which increases the potential for backflow and contamination of the public water supply from outside sources, and is grossly inadequate for fire protection,

- ☐ low pressures are experienced when fire hydrants are opened, and therefore, the system cannot be adequately flushed and cleaned, leading to the possibility of contamination from biofilms,
- ☐ extreme negative pressures could be experienced in the system during large fire flows, which would increase the likelihood of contaminants being introduced into the system,
- ☐ 29 of the system's 38 fire hydrants are 74 years old and have only 2.5" nozzles, which provides inadequate fire flows.
- ☐ numerous fire hydrants are inoperable or leak excessively, and
- ☐ fire hydrants are installed on mains smaller than 6" in diameter.

Proposed Solution - The proposed project would:

- ☐ drill two new wells,
- ☐ rehabilitate existing wells,
- ☐ properly abandon existing wells no longer in use,
- ☐ construct a new 316,000-gallon elevated tank,
- ☐ construct approximately 3,200' of 8" distribution line, and
- ☐ replace all 29 of the fire hydrants constructed in 1928.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that the Town's water system is not able to keep up with demand during the summer months. Water rationing has occurred during at least the past two summers and the problems appear to be getting worse, despite a decrease in population over the past two decades. The applicant has demonstrated through water use and supply analysis that the system cannot keep up with the maximum daily demand and that well production continues to decline.

The Town also lacks adequate storage capacity to meet recommended fire flows; storage will only allow for approximately 24 percent of what is needed to fight a three-hour fire and continue to supply average demand at the same time. The majority of fire hydrants in town are undersized, inoperative and/or on mains smaller than the required 6" size.

Low or negative system pressures would likely result in the backflow of contaminants into the distribution system and could cause illness to the system users. This is of particular concern when the distribution system is made of very old cast iron pipe with leaded joints. The probability for backflows is relatively high.

With the entire community adversely affected by the poor source, storage and distribution system, this represents a serious problem. Furthermore, the Town's water source (five groundwater wells) are exhibiting signs of deterioration and will likely not be able to supply basic wintertime demands within the near term. The existence of all the Town's water system problems is well documented in the application and the vast majority of those problems are to be resolved by the proposed project.

Statutory Priority #2: Reflects greater financial need.

The applicant received 612 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 4th quintile and received 720 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 19th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 37 percent. **The relative concentration of persons living at or below the LMI level ranked 29th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 16.7 percent. **The relative concentration of persons living at or below the Poverty level ranked 17th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant clearly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were no issues of any significance that were not adequately addressed.

Rationale: The MDOC review engineer noted that the PER includes a thorough evaluation of the existing system, an exhaustive alternatives analysis, and a complete description of the proposed alternative. There was a great deal of technical data, demonstrating that the new system will keep pace with demand and also be capable of delivering the necessary flows throughout the distribution network. There were no significant issues that were not thoroughly discussed in the PER.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the Town has raised both water and sewer rates in the past to ensure that revenue exceeds expenses, by at least 20 percent, in order to ensure that at least a small reserve is maintained. Water rates were last raised in 1990. The water system is metered and rates are based upon usage. Sewer rates were raised effective July 2002, in conjunction with a project expected to begin construction in June 2002. The MDOC reviewer noted that the applicant did not provide any detailed information or documentation concerning rate increases.

The Town has typically utilized specialized service companies to perform tasks on an ongoing basis for which it does not have the resources. For example, a service company is retained to clean, inspect and coat the interior and exterior of the water tank on a regular basis. The interior of the water storage tank was recoated in 1992. The interior of the tank was inspected again in 1999, cleaned and support rods repaired. The Town exercises water valves and flushes hydrants on a scheduled rotation, and wells are shock chlorinated quarterly. A company is also retained on an annual basis to clean one-fifth of the sewer mains each year, so that the entire system is cleaned every five years, while another company performs a video inspection of the mains.

In 1981, the Town analyzed both its wastewater and water systems. A wastewater system analysis recommended improvements to the lagoon inlet and a new outlet, both of which were completed. The water system analysis recommended increased storage and distribution system improvements along with improvements to the existing artesian well or the construction of a new well. The Town elected to make improvements to the existing deep artesian well, however, the water quality of the well rendered it unusable except in the case of an emergency. As a result, expanding the water supply is necessary to meet maximum daily demands.

In 1999, the Town conducted a needs assessment and adopted a comprehensive, five-year CIP. A survey was conducted, preceded by a series of articles in the local newspaper. The survey included county-wide infrastructure needs, to ensure a comprehensive understanding of the needs of people in the area, thereby helping the Town coordinate their planning process with Judith Basin County. The County is in the process of preparing a comprehensive plan that will include the Town of Stanford. Infrastructure improvements were prioritized in the CIP and are largely in agreement with the results of the needs assessment process. The CIP addresses water, wastewater, and street and drainage needs. The Town intends to update the CIP on an annual basis and to incorporate the CIP into its annual budgeting process.

The deficiencies in the Town's water system are largely due to the lack of capacity, operational flexibility and infrastructure age, but is not the result of poor O&M. The MDOC review engineer noted that it appears that the Town's O&M practices are good and is maintaining a reasonable level of investment in the system, based on conversations with DEQ.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP, RRGL, and RUS grants in combination with a RUS loan. While none of the other funding sources are firmly committed, the Town has applied to the RUS program and its staff has stated that they are committed to funding the project. The MDOC reviewer noted that the applicant is not eligible for CDBG program given its low LMI percentage, however this was not discussed by the applicant. An SRF loan was also analyzed, but the Town thought that the rates would be too high with a 20-year loan. The applicant stated that without the TSEP funding the project would likely not proceed.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that additional population, development and business growth is severely limited, and it is possible that relying on the existing facility may result in a loss of jobs if existing businesses feel their ability to grow is limited and elect to move to another community. However, the applicant did not discuss any specific jobs that would be created or businesses that would be impacted by the project.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level five and received 400 points out of a possible 400 points.

Conclusion: The applicant conclusively demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its estimated cost and the impact per household. In addition, the applicant provided documentation to show that the project is clearly a high local priority and strongly supported by the public.

Rationale: The applicant stated that a meeting was held in February 2002 to discuss the feasibility of the improvements presented in the draft PER. While attendance at the meeting was minimal, those attending voiced support for the project, although they were concerned that monthly user charges remain affordable. Copies of the advertisements, minutes, handouts and list of attendees for this meeting were included.

A second public meeting was held on April 16, 2002. A handout was distributed that contained: a summary of the project, the proposed budget, a project schedule, and site maps. The recommended funding strategy and resultant user rates were discussed. People in attendance agreed that improvements to the water system were necessary. The MDOC reviewer noted that there was no documentation for the second hearing, but did note that the public was informed of potential user rates at the first hearing and in a news article in March 2002. Letters of support for the proposed project were received from the city/county planning board, county commissioners, chamber of commerce, local historical society, volunteer fire department, two congressional members, a state representative, a local bank, and three local citizens. Also included in the application were several news articles, from 2001 and 2002, concerning the proposed project.

In 1999, the Town conducted a needs assessment and adopted a five-year CIP. A survey was conducted, preceded by a series of articles in the local newspaper. The survey included county-wide infrastructure needs, to ensure a comprehensive understanding of the needs of people in the area, thereby helping the Town coordinate their planning process with the County.

Project No. 10
City of Hamilton – Water System Improvements

This application received 3,812 points out of a possible 4,900 points and ranked 10th out of 55 applications in the 2003 recommendations to the Legislature. MDOC recommends the requested TSEP grant of \$500,000.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature
CDBG	Grant	\$500,000	Application to be submitted January 2003
RRGL	Grant	\$100,000	Awaiting the decision of the Legislature
SRF	Loan	\$846,787	On the priority list, application to be submitted Spring 2003
Applicant	Cash	\$ 17,500	Expended for PER
TSEP/PER	Grant	\$ 7,500	Expended for PER
Project Total		\$1,971,787	

Median Household Income:	\$14,913	Total Population:	4,200
Percent Non-TSEP Matching Funds:	75%	Number of Households:	1,660

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$21.08	-	Target Rate:	\$24.61	-
Existing Wastewater Rate:	\$17.34	-	Rate With TSEP Assistance:	\$41.67	169%
Existing Combined Rate:	\$38.51	156%	Rate Without TSEP Assistance:	\$43.51	177%

Project Summary

History – The City purchased the water system in 1982 from the Valley Water Company. The original system dates back to 1896 when water was obtained from Skalkaho Creek. In 1936, three wells were drilled to provide a new source of water. Three additional wells were put into service between 1949 and 1984, although well number three was abandoned when Highway 93 was widened. The 500,000-gallon reservoir was also constructed around that time. The distribution system is comprised of 2" to 12" galvanized iron, cast iron, steel, PVC, and wood pipes.

Problem - The City's water system has the following deficiencies:

- ☐ aged, and undersized leaking pipes are unable to deliver adequate fire flows,
- ☐ an undersized and corroded storage tank, and
- ☐ outdated wells with inadequate wellhead protection.

Proposed Solution - The proposed project would:

- ☐ construct a new well house and drill three new wells,
- ☐ install new mains and replace existing mains with approximately 200' of 6", 2,500' of 8", 2,350' of 10", and 1,200' of 12" pipe,
- ☐ replace or install five hydrants,
- ☐ install water meters on all service connections, and

- ☐ construct a one million gallon reservoir next to the existing storage tank.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that there is potential for contamination of one or more of the wells from an accidental spill along high traffic roads where the wells are located. The City's source water protection plan identified one well as the most susceptible to point source contamination; however, that well would not be abandoned as part of the project, because it is the newest and largest producing well. Two other wells, along with the newest well, would be used as emergency back-up only and as needed to meet peak day demands. The three remaining wells would be abandoned, and, eventually, two of the back-up wells would also be abandoned as they failed.

There is also the threat of infiltration of contaminants if the water system ever lost pressure. The undersized storage system and a barely adequate water supply, combined with septic systems and a corroded pipe distribution system, create a dangerous potential for cross contamination. The extent of the septic systems and their threat was not adequately quantified. However, a leaking sewer collection system also could create a threat for cross contamination. While the wells could maintain system pressure if the water storage tank was lost, pressure could be lost if the demand for water is too great, such as during a major fire event.

The City is desperately in need of additional supply and storage due to growth in the City and surrounding area. Fire protection is considered to be grossly inadequate, principally due to the lack of water storage.

Statutory Priority #2: Reflects greater financial need.

The applicant received 792 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 2nd out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 55 percent. **The relative concentration of persons living at or below the LMI level ranked 4th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 17.8 percent. **The relative concentration of persons living at or below the Poverty level ranked 12th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 4th quintile and received 720 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. While the PER is generally complete, there were some potentially important issues that were not adequately addressed. However, it does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the report did not adequately address some potentially important issues. One significant issue was the lack of an adequate cost analysis. In addition, costs were not adequately supported. The source of most cost estimates was not provided. In the narrative response to the statutory priority, the applicant stated that costs were derived from either actual suppliers of materials and equipment, or from associated publications, wherever possible. It is not known if bid tabulations were used. The cost to rehabilitate three existing wells was found to be significantly higher than constructing three new wells. While this is possible, the applicant did not provide a source to justify the estimated costs. Finally, there was no present worth analysis of alternatives included in the PER.

The alternative selection process was not adequately developed. Alternative locations for the tank were not examined because the City had already purchased land immediately adjacent to the existing tank. However, the report would have benefited from also looking at locating the tank elsewhere. The PER stated that the steel tank was less than half the cost of a concrete tank, but was not adequately justified since a present worth analysis was not provided. Larger tanks are often less costly in capital and O&M when concrete is used. Concrete is also preferred aesthetically, which is apparently a significant concern in Hamilton. Constructing a larger concrete tank should have been analyzed further, since it was recommended in the PER that the City should have 3.2 million gallons of storage within the next 20 years. The greatest deficiency that will remain is inadequate storage. According to the needs identified in the PER, the City will have to continue working toward additional storage even as the proposed tank comes on-line.

The applicant adequately assessed the potential environmental impacts. Although radon levels were not adequately discussed in the PER, environmental concerns appeared to be adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level five and received 700 points out of a possible 700 points.

Conclusion: The applicant conclusively demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that when the City purchased the water system in the early 1980s, users were charged a flat rate. After the City bought the system, they set up a base rate and a fee per thousand gallons used. Rates were increased in 1997. The City just passed another increase of three dollars in April 2002 that became effective July 2002; however, the MDOC reviewer could not find documentation to support this statement.

In 1996, the City adopted a comprehensive five-year CIP. The proposed project is consistent

with the CIP, but the Main Street project has been moved up to coincide with MDT's overlaying project for Highway 93. Western Groundwater Services completed a source water protection plan in September 2000.

Most of the deficiencies cited in the City's water system are attributed to the system's age and the lack of maintenance performed before the City purchased the system in the early 1980s. At the time the City purchased the system, there was little data specifying the number and extent of the system's leaks. As the City installed meters (currently 98 percent of the users are metered) they discovered that the problem was much worse than initially suspected. The City hired a consultant to study the system; after finding numerous leaks the consultant was able to estimate the volume of water lost. Since that time, the City has tried to repair the leaks, as the budget would allow. A water loss table indicated a loss of nearly 52 percent in the year 2000. Some of the leaks fixed were estimated at half a million gallons per day. In 2002, the City expended over \$150,000 on the drinking water system and over \$200,000 on the sewer system.

The MDOC review engineer stated that the O&M practices of the City have been good. The City funds a depreciation/replacement account each year for the water system and has made significant capital improvements.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources. This statutory priority was not scored higher because there was no discussion, as required in the Uniform Application, of funding alternatives if a grant was not awarded.

Rationale: The applicant has proposed a funding package consisting of TSEP, CDBG, and RRGL grants in combination with an SRF loan and local reserves. The applicant stated that SRF is being utilized instead of RUS because of the more favorable interest rates and because interim financing would not be required.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level four and received 400 points out of a possible 500 points.

Conclusion: The applicant strongly demonstrated that the proposed project is necessary for economic development. The proposed project would provide the infrastructure necessary for the possible expansion of businesses that would likely have a high potential for financial success. The applicant cited a specific business that would be dependent on the proposed improvements being made and provided sufficient documentation to justify this position. However, the applicant did not provide the detailed documentation, such as a business plan, that would demonstrate the viability of the business and that would verify that the proposed project would be necessary for the expansion of a specific business. The business expansion would likely provide specific long-term, full-time job opportunities for Montanans, other than those related to the construction or operation of the water system. The proposed project would add to the tax base if the business expansion occurs.

Rationale: The applicant stated that the City has received a request to hook on to the water and sewer system from a lab that provides research for federal agencies. Corixa Lab is located outside the current service area. A letter of support for the project from the Corixa Corporation, was sent to the City on April 4, 2002. The letter indicated the corporation was considering the expansion of its manufacturing facility, and a critical issue in the decision-making process is the ready availability of infrastructure,

including sewer and water. Corixa has contracted with an engineering firm to provide a PER for extension of the City's water and sewer facilities. Letters from the City were mailed to landowners that have been identified as potential users that might benefit from this extension. One of the City's largest users, Rocky Mountain Lab, has requested a larger service line and is in the process of developing a 20-year master plan. The letter of support submitted by Rocky Mountain Lab indicates that as expansion occurs at the lab so will the water consumption. After completion of the proposed project the City will be reasonably able to expand services to the two labs and other expanding or new users, thus enabling the community to increase its tax base and employment.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level two and received 160 points out of a possible 400 points.

Conclusion: The applicant inadequately demonstrated that the proposed project is a high priority and has the support of the community. The applicant documented that it held a public hearing or meeting, but did not inform the community about the cost of the project and the impact on user rates. This statutory priority was not scored higher because there was no documentation verifying that the public was provided with information on the overall effect to individual user rates.

Rationale: The applicant stated that in the past five months the City has held three information meetings. Nine people attended the first hearing on January 15, 2002 to inform the public of the proposed project, costs, and the funding sources available. A second meeting was held March 19, 2002 with 14 people in attendance, to discuss the submission of the TSEP and CDBG grant applications, the proposed project, and its costs. Copies of notices, minutes and sign-in sheets were included in the application. The MDOC reviewer could not find any documentation regarding the council work group session held April 4, 2002, or evidence that individual user costs were presented to the public. Eleven letters of support were included in the application from: one member of congress, two state legislators, two businesses wishing to expand, three business organizations (total of 29 signatures), Skyline Homeowners Association, Ravalli County Park District, and one resident.

The City adopted a CIP in 1996; it appears to have been revised in 1997, and again at a later date. However, the year of the newest revision could not be determined.

Project No. 11
City of Troy – Water System Improvements

This application received 3,712 points out of a possible 4,900 points and ranked 11th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature
RRGL	Grant	\$100,000	Awaiting the decision of the Legislature
CDBG	Grant	\$400,000	Will apply January 2003
RUS	Grant	\$400,000	Will apply January 2003
RUS	Loan	\$630,800	Will apply January 2003
Project Total		\$2,030,800	

Median Household Income:	\$18,107	Total Population:	1,121
Percent Non-TSEP Matching Funds:	75%	Number of Households:	552

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$11.65	-	Target Rate:	\$29.88	-
Existing Wastewater Rate:	\$34.29	-	Rate With TSEP Assistance:	\$55.86	187%
Existing Combined Rate:	\$45.94	154%	Rate Without TSEP Assistance:	\$59.86	200%

Project Summary

History – The City's system was originally built in the early 1900s. Wooden mains were replaced in the 1950s with wrapped steel. The current system consists of two wells (one drilled in the '50s and the other donated when Champion Lumber closed in the '80s), a 125,000 gallon storage tank (constructed in the 1950s), steel mains, and galvanized services. The last major upgrade to the water system was completed in the early 1960s, which consisted of water main replacements. The Burlington Northern railroad and Callahan Creek divide the service area.

Problem - The City's water system has the following deficiencies:

- ☐ loss of nearly half of the water produced due to leakage,
- ☐ no meters at service connections,
- ☐ one shallow well, which is most likely the source of frequent bacteriological contamination, and
- ☐ inadequate storage.

Proposed Solution - The proposed project would:

- ☐ drill a new well,
- ☐ add disinfection to system,
- ☐ replace approximately 2,000' of main,
- ☐ replace approximately 18,000' of service line,
- ☐ install 523 meters at service connections and two well meters, and

- ☐ construct a new 180,000 gallon storage tank.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level five and received 1,000 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system have occurred or are considered to be imminent. These serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

Rationale: The MDOC review engineer noted that the entire community is faced with serious health risks created by repeated bacterial contamination in the system. Six of nineteen tests performed in 1998 and 1999 of the water system tested positive for coliform. Information provided by the DEQ indicated that the City also had one positive coliform test in 2001 and four through June 2002. Although no positive results for fecal bacteria or E-coli were detected in any of the above tests, the water system continues to have repeated bacterial contaminations and the entire community is at risk of serious illness due to waterborne pathogenic organisms if treatment is not added. The contamination is suspected to originate from one well, but the dead-end lines and deteriorated distribution system could also be a potential source of the contamination. The DEQ also stated that during spring runoff events the suspected shallow well exhibits high turbidity levels that are indicators of the potential for disease causing bacteria such as giardia. These turbidity levels are typically displayed only by wells under the influence of surface water. The DEQ is currently studying the suspected well, and if the well is found to be groundwater under direct influence of surface water, chlorination will not be adequate treatment to deal with high levels of turbidity. In that event, water from the well will need to be treated the same as surface water is, or the well will need to be abandoned.

There are two operational practices that might reduce the health hazard to the public. Flushing the water mains more frequently could help prevent the occurrence of bacterial contamination, and discontinuing use of the shallow well, the suspected source of contamination, might also lessen the potential of bacteria being present. According to the DEQ, the City already discontinues use of the suspected well during spring runoff events due to high turbidity. Regardless, these two practices are not reliable or long-term, and there is no guarantee that they would eliminate the reoccurring bacterial contamination.

In addition, large portions of the community face a potential safety hazard, and are at risk for substantial property loss, due to inadequate fire protection.

Statutory Priority #2: Reflects greater financial need.

The applicant received 792 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 8th out of the 55 applications.**

- ❑ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 52 percent. **The relative concentration of persons living at or below the *LMI* level ranked 6th out of the 55 applications.**
- ❑ The percent of persons living at or below the *Poverty* level is 20.7 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 8th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 4th quintile and received **720 points**. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. While PER report is generally complete, there were some potentially important issues that were not adequately addressed. However, it does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER provided a majority of the information required; however, there were some potentially important issues that were not adequately addressed. Current O&M practices were not described in any detail. For example, the current schedule for flushing mains would be useful information in light of the reoccurring bacterial contaminations and the DEQ suggestion to flush the lines more frequently. Depending upon the current frequency of flushing, additional flushing may not have any impact on preventing the bacterial contaminations.

Although the preferred alternative in the PER appears to be appropriate and offers a long-term solution to the system deficiencies in conjunction with the future improvements proposed, one significantly important issue was not addressed, a present worth analysis. The present worth analysis was completed for the preferred alternative only and the PER did not provide a comparison of the present worth for each alternative. In addition, the alternatives analysis did not adequately look at various materials for the proposed tank, and sprinkler systems were not discussed as a means of improving fire protection.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that a needs assessment was completed in 1993, which identified sewer as the community's highest priority. A sewer system was constructed in 2001. Now, in following with the priorities of the assessment, the city is addressing the water system. The proposed project is consistent with the needs assessment, which identified the water system as the second ranked priority.

Since completion of the first phase of the sewer project in 1998, the users have been paying over \$34.00 per month for wastewater service. The City did not increase water rates in an effort to offset the

high sewer cost. As a result, the water utility has not been able to fund reserves and replacement. Water rates were raised to \$14.00 per month for residential users in 1999, and would be further increased to fund the proposed improvements. Once meters are added at each service connection, a usage based rate schedule will be adopted.

The City has a completed a wellhead protection plan. A leak detection report was completed in 2000. A sanitary inspection survey was completed by DEQ in 2000 with recommendations to correct the wells, storage tank, distribution system, and some management and maintenance practices.

The MDOC review engineer stated that the City's O&M practices have been good despite the aging and failing water system.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: The applicant sufficiently demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP, CDBG, RRGL, and RUS grants in combination with an RUS loan. The applicant stated that if TSEP funds are not available, the difference would be requested from RUS.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project is critical to both the maintenance of and improvement in the private property tax base, and although the proposed project would not directly result in the creation or retention of long-term full-time jobs, the project should at least maintain, if not encourage, expansion of the tax base.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that 19 people attended a public meeting held on April 29, 2002, to discuss the proposed project, funding package, and projected user costs. The project and master plan were also discussed at five other meetings in 2001 and 2002. Approximately a dozen people attended

each of the meetings. Copies of the needs assessment and minutes from the meetings were included in the application.

A needs assessment was completed in 1993, identifying sewer as the community's highest priority and the water system as its next highest priority. The City does not have a formal CIP, although it does have a water master plan for the water utility. The City's 2002-2003 budget will include funding for a comprehensive CIP.



Project No. 12
City of Scobey – Wastewater System Improvements

This application received 3,680 points out of a possible 4,900 points and ranked 12th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting the decision of the Legislature
RRGL	Grant	\$ 100,000	Awaiting the decision of the Legislature
SRF	Loan	\$1,206,000	On the priority list, application to be submitted April, 2003
City	Cash	\$ 130,000	Funds committed
Project Total		\$1,936,000	

Median Household Income:	\$21,552	Total Population:	1,082
Percent Non-TSEP Matching Funds:	74%	Number of Households:	502

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$29.84	-	Target Rate:	\$35.56	-
Existing Wastewater Rate:	\$ 7.93	-	Rate With TSEP Assistance:	\$52.94	149%
Existing Combined Rate:	\$37.77	106%	Rate Without TSEP Assistance:	\$59.35	167%

Project Summary

History – The City's wastewater system consists of a gravity collection system, and a two-cell facultative lagoon with discharge to the Poplar River. However, the system has been operated as a non-discharging lagoon since its construction. Currently, one of the cells is used as a total retention lagoon. Each of the lagoons is approximately 15 acres in size.

Problem – The City's wastewater system has the following deficiencies:

- ☐ the single cell currently in use is undersized and leaks,
- ☐ the two-cell configuration does not meet the DEQ standards for facultative treatment systems,
- ☐ the existing control structures, valves and outlet/inlet piping at the lagoons are inoperable due to ice damage and rusting of the valves, and
- ☐ the collection lines are made of clay tile pipe and have cracks, offset joints and alignment problems, blockage from roots, and poor drainage due to low spots.

Proposed Solution - The proposed project would:

- ☐ replace approximately two blocks of main, rehabilitate one block of main with in-place technology, and make approximately 15 spot repairs,
- ☐ replace approximately seven manholes,
- ☐ reconfigure the treatment facility to a two-cell lined storage and spray irrigation facility,
- ☐ pump treated and disinfected wastewater via a force main into an existing irrigation system for the golf course, and

- ☐ construct a new building to house the equipment.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that the lagoons are unlined and are estimated to leak at approximately seven times the allowable rate. The leakage is from the first treatment cell, and therefore has not been adequately treated. The lagoons are located adjacent to the Poplar River and it is expected that the leakage is flowing to the river since the groundwater flow is in the direction of the river. Also, sections of the collection system are deficient and have structural integrity and plugging problems.

Even though no illness has been reported due to the leaking lagoons, the potential exists for illness to occur in the near-term. No illness was documented that could be associated with the plugging of the sewer lines, but there is a potential for the plugging to cause flooded basements and increase the potential for human contact with raw sewage.

Statutory Priority #2: Reflects greater financial need.

The applicant received 540 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 25th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 37 percent. **The relative concentration of persons living at or below the LMI level ranked 29th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 12.7 percent. **The relative concentration of persons living at or below the Poverty level ranked 33rd out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant clearly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were no issues of any significance that were not adequately addressed.

Rationale: The MDOC review engineer noted that the PER strongly demonstrated that an appropriate long-term, cost-effective solution to the problem has been proposed. The PER was complete and the only issues discussed by the MDOC review engineer were not considered to be of any significance by the team of review engineers.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that, in recent history, the City has been progressive in its planning efforts. In 1998, the City completed a community needs assessment survey that was used in conjunction with an evaluation of the City's infrastructure to develop a CIP. Most of the projects identified have been completed or are being planned for completion within the near future. Water supply improvements within the priority list are a much lower priority now that the City has committed to the Dry Prairie Regional Water System. The City has determined that its first priority is to update the wastewater system. The problems with the wastewater system have been ongoing for a number of years. However, DEQ inspection reports throughout the years did not identify serious deficiencies with the system until August 2000. Once DEQ determined that the wastewater system was currently out of compliance due primarily to excessive leakage of the lagoons, the City has been proactive in proceeding with the wastewater project.

The MDOC review engineer stated that it appears the City has had adequate O&M practices, however, user rates have historically been low. There is no indication that the City has established a systematic program or budget to replace aging lines and maintenance on the lagoons appears to be limited to mowing the embankments as required.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level five and received 600 points out of a possible 600 points.

Conclusion: The applicant conclusively demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources. In addition, the applicant adequately documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with an SRF loan and local reserves. The applicant stated that CDBG funding was

considered for the project, but the City does not meet CDBG's 51 percent LMI requirement. The City conducted a needs assessment in 1998 that also included an income survey. The income survey revealed an LMI level of 45 percent. Therefore, the City appears ineligible for CDBG grant funding. RUS grant/loan funding was considered for this project. However, RUS funding was not considered the best option for funding this project due the 40-year term. The applicant stated that by utilizing an SRF loan with TSEP and RRGL grants, the City would have a rate similar to the one that could be achieved by utilizing the RUS program, but with the benefit of paying off the project in 20 years, instead of 40 years. If the City is unsuccessful in obtaining TSEP funds, it may pursue an RUS loan package for the balance of the funds required to complete the project.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project would not directly result in the creation or retention of jobs, nor would it directly result in a business expansion. The project would enhance infrastructure, which is a prerequisite to attracting businesses and, therefore, increasing the tax base. The wastewater effluent would provide an additional water source for irrigation of the golf course, which is a significant contributor to the area's economy and supports several full-time jobs. Use of the treated effluent for irrigation would be especially important in drought years when the Poplar River runs dry.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that the public has been kept informed through surveys, public hearings, city meetings and news media. A meeting was held July 25, 2001, to obtain public input on the draft PER. Another meeting was conducted December 13, 2001, to obtain comments on the draft PER. The application included minutes and handouts for both of these meetings. On February 7, 2002, the City held a public hearing to give citizens an opportunity to offer comments on the proposed project and TSEP application, at which time, user rates were discussed. Prior to the hearing, the City advertised it on the radio twice a day for the 13 days preceding public hearing. Copies of the legal advertisements, minutes, handouts and a list of attendees for this meeting were included in the application. The application also included three newspaper articles relative to the project and letters of support from two local businesses, the local chamber of commerce, the county sanitarian, the county commissioners, the DNRC, a state senator, two state representatives, and one local resident.

The City completed a community needs assessment survey in 1998, which was used in conjunction with an evaluation of the City's infrastructure to develop a CIP. Improvements to the wastewater system are the highest priority for the City.

Project No. 13
City of Missoula – Wastewater System Improvements

This application received 3,668 points out of a possible 4,900 points and ranked 13th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting the decision of the Legislature
RRGL	Grant	\$ 100,000	Awaiting the decision of the Legislature
Applicant	Cash	\$1,013,267	Committed
SRF	SID	\$4,202,000	Committed, pending creation of the SID
DNRC	Grant	\$ 10,000	Expended for PER
Project Total		\$5,825,267	

Median Household Income:	\$40,749	Total Population in project area:	1,677
Percent Non-TSEP Matching Funds:	91%	Number of Households in project area:	572

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$30.60	46%	Target Rate:	\$67.24	-
(No centralized wastewater system within the project area)			Rate With TSEP Assistance:	\$87.12	130%
			Rate Without TSEP Assistance:	\$94.54	141%

Project Summary

History - The Rattlesnake Valley is located northeast of downtown Missoula and was annexed in the 1980s. While portions of the valley currently are connected to the City's sanitary sewer system, the area still has a significant number of on-site wastewater treatment systems, a majority of which are seepage pits. As early as 1984, the City identified this area as a high priority to receive sanitary sewer service. In 1986, the City constructed the Rattlesnake Interceptor, to provide a backbone for connecting neighborhood collector sewer mains to be installed in the future.

Problem – Portions of the Rattlesnake Valley have the following deficiencies:

- ☐ failed cesspool and seepage pit systems,
- ☐ nutrient and potential pathogens polluting the sole source aquifer, and
- ☐ nutrient loading of the Clark Fork River, impacting groundwater and surface water quality.

Proposed Solution - The proposed project would install collector lines to connect additional portions of the Rattlesnake Valley to the City's wastewater treatment plant.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that the septic systems are above the City's unconfined aquifer, which results in serious public health and safety problems that will only worsen with time. These systems present three major concerns: 1) leaching from the septic systems contaminates the sole source aquifer from which Missoula draws all its water; 2) the leaching from the septic systems eventually reaches the Clarks Fork River, which increases nitrate levels that result in algae blooms and subsequent BOD loadings from decay and; 3) over 20 percent of the septic systems have failed and should not be replaced. The use of individual treatment systems on small lots is not appropriate in an area with an unprotected sole source aquifer. Two of the City's wells have had coliform contamination, causing one to be shut down. At least one private well has had fecal contamination. Failure to address the sewage problems in the Rattlesnake Valley could result in serious contamination of other wells in the area, which would have to be abandoned, as well as further contamination of the sole source aquifer. A very serious threat to the public health exists in the near-term as long as there are private septic systems. In addition to health concerns, there are environmental concerns due to nutrient loading of the Clarks Fork River from the area's groundwater.

Statutory Priority #2: Reflects greater financial need.

The applicant received 288 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 1st quintile and received 180 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI)** ranked 54th out of the 55 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 15 percent. **The relative concentration of persons living at or below the LMI level ranked 53rd out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 2.6 percent. **The relative concentration of persons living at or below the Poverty level ranked 54th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant clearly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were no issues of any significance that were not adequately addressed.

Rationale: The MDOC review engineer noted that the PER is very complete, and the proposed project is an appropriate and cost-effective solution. The selected alternative provides the least amount of O&M provides, which suggests that it would not only be the best 20-year solution, but would also be the best long-term solution (50-100 years).

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level five and received 700 points out of a possible 700 points.

Conclusion: The applicant conclusively demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the City increased sewer rates in 1998. The City's sewer rates and sewer development fees are structured to provide a minimum coverage factor of 1.3 times the required amount to pay off the incurred debt. The applicant stated that individual property owners would be asked to pay a sewer development fee, interceptor fee, connection costs, and the SID assessment. A new sewer rate study is currently in process. The City maintains reserves in various funding categories.

The City and Missoula County strive to ensure that the City's sole source aquifer is protected through comprehensive planning and evaluation. The City completed a sewer master plan in 1985 for Rattlesnake area. An interceptor was installed in 1986, which provided the backbone for sewerage the entire Rattlesnake valley. A sewer alternatives study was completed in 1991, but the recommended alternative (septic tank effluent pump sewer systems) was opposed by area residents as being an unsatisfactory solution, so no further progress towards sewerage the area was made until 1996 when an evaluation of unsewered areas in Missoula was conducted. The evaluation concluded that the proposed project area ranked number five out of eight areas prioritized to receive sewer service. The East and West Reserve Street areas have been sewerage, and a sewer system for East Missoula is currently under construction. These areas represented three of the four areas that ranked higher than the proposed project; the fourth is in a remote area that would be difficult and expensive to sewer, thus the Rattlesnake Valley area is now the highest priority for a sewer collection project.

The voluntary nutrient control program was adopted in June 1998 to educate the community about the importance of keeping its sole source aquifer free of contamination. Additional studies have been completed that document water quality issues, which include: a single layer transient flow model of the aquifer in 1990, a rationale and alternatives study for controlling nutrients and eutrophication problems in the Clark Fork Basin in 1992, carrying capacity study in 1996, an analysis of storm and ground water quality impacts of chemical deicer usage in 1997, and a water quality status and trends monitoring system for the Clark Fork-Pend Oreille watershed in 1999.

An update to the wastewater facilities plan was completed in 2001, which includes a prioritized list of future improvements. The proposed project is consistent with the City's comprehensive five-year CIP, and the City's consolidated plan.

The MDOC engineer stated that the City has demonstrated good O&M practices.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with an SRF loan and local funds. The applicant stated that it evaluated all of the customary funding sources, and proposed those that are most appropriate for the proposed project.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the most pressing need for this project is protection of Missoula's sole source aquifer, rather than job opportunities or business expansion; however, the two go hand in hand. The proposed project would not directly result in the creation or retention of jobs, but sewer in the Rattlesnake Valley would allow more development in the approximately 129 acres of potential developable land, which could help the affordable housing crisis currently facing the City. The area is primarily zoned "residential," with eight or fewer dwellings per acre; however, some areas are not currently zoned. The applicant further stated that since the availability of sewer in the East Reserve Street neighborhoods, the City has seen an increase in subdivision and building permit requests in those areas, which leads the applicant to believe that bringing sewer to the Rattlesnake area would provide the same incentive for growth, and thus encourage the expansion of the tax base.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level five and received 400 points out of a possible 400 points.

Conclusion: The applicant conclusively demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its estimated cost and the impact per household. In addition, the applicant provided documentation to show that the project is clearly a high local priority and strongly supported by the public.

Rationale: The applicant stated that citizens and property owners appear to be in support of the project. The original Rattlesnake sewer system, completed 2001, was initiated by property owners' requests. Rattlesnake area residents have known for years that their area ranked high on the priority list of areas to be sewered. Even though property taxes will be raised through an SID, most Rattlesnake property owners are committed to protection of the environment and public health, and understand the necessity for the project.

On April 10, 2002 a public meeting was held, 200 individuals were in attendance to discuss the proposed project, financing options, and cost estimates. Postcards were mailed to all homeowners in the project area in the beginning of April. A display ad and meeting notice appeared in the *Missoulian*, along with articles regarding the project and its intended protection of the water supply.

Copies of a news release, new articles, post cards, notices, web site posting, city call log of project supporters, sign-in sheet, and summary of the meeting were included in the application. The application also contained letters of support from: a city-county environmental health specialist, a FW&P official, the E.P.A tri-state water quality council, and an area resident.

The City posts information on its website to keep residents aware of infrastructure projects that are being proposed. The City website also posts documents such as the sewer rate study, the executive summary of the update of the wastewater facilities plan, and *Proposed 2002 City of Missoula Public Works Projects*.

The City reviews its CIP annually and currently has the Rattlesnake sewer collection system ranked as number 42 out of 107 projects in the 2002-2006 plan, making it a high priority project for the City.

Project No. 14
Blaine County – Bridge System Improvements

This application received 3,660 points out of a possible 4,900 points and ranked 14th out of 55 applications in the 2003 recommendations to the Legislature. The applicant is requesting a hardship grant with only a 25 percent match. In 2001, the applicant's bridge levy as a percent of MHI was .08 percent, but only levied 1.61 percent of the MHI in total, which is only 58 percent of the statewide median. As a result, the applicant does not meet the third hardship criteria, which requires that the applicant be levying at least 2.78 percent of MHI in total, or make up the difference through a general obligation bond. **MDOC recommends reducing the TSEP grant to \$322,782**, which is 50 percent of the cost of the project. The applicant would be required to make up the difference, which is \$157,618.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$480,400	Awaiting the decision of the Legislature
Applicant	Cash	\$48,574	Committed by resolution
Applicant	In-Kind	\$116,590	Materials and labor committed by resolution
Project Total		\$645,564	

Median Household Income:	\$18,512	Total Population:	7,009
Percent Non-TSEP Matching Funds:	25%	Number of Households:	2,501

Project Summary

History – There are 63 off-system bridges in the County. The average age of all bridges is 54 years, and 47 bridges are older than 50 years. Of the bridges over 50 years old, 25 are eligible for replacement due to structural deficiency. Of the bridges less than 50 years old, four are functionally deficient and two are structurally deficient. There are 58 bridges with wood decks that are in need of deck replacement, due to wood rot or traffic wear. The County has identified two bridges that are in critical condition and in need of replacement.

- ☐ Snake Creek Bridge was constructed in 1938 and reconstructed in 1978. It crosses the Snake Creek Drainage, which is a tributary of the Milk River. The bridge is a 62', four-span steel thru-truss structure with wood stringers and wood plank decking. The bridge serves a rural residential route, a postal route, and an agricultural route. The drainage is generally dry or typically only has low flows, except in extremely wet years.
- ☐ Harlem Canal Bridge was constructed in 1933, and crosses the Harlem irrigation canal. It consists of one 25' span of steel stringers with a 2" by 4" laminated deck. The bridge serves agricultural properties and also provides access to another bridge that crosses the Milk River.

Problem – The County's two bridges have the following deficiencies:

- ☐ Snake Creek Bridge has a sufficiency rating of 19.9. Deficiencies include:
 - timber deck is worn and cracked with loose planks,
 - timber stringers are weathered and show signs of rot, several cracks and have been doubled-up due to historical failures and also due to the heavy truck traffic,
 - steel truss structure is rusted and pitted,
 - timber piles show moderate signs of rot and have vertical cracking, and
 - the timber abutment has moved from fill pressures and has a significant amount of rot.
- ☐ Harlem Canal Bridge has a sufficiency rating of 33.8. Deficiencies include:
 - deck is rotten,
 - girder has rust and scale,

- only ½ to 1/3 of the cap at the south abutment is resting on the piling and the cap at the second abutment piling has some rotation,
- timber abutment has severe fill pressure and the backwall and wingwall are weathered, worn and rotten, and the timber cap is rotten at abutment #1.

Proposed Solution – The proposed project would replace both bridges with bulb-tee bridges.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level five and received 1,000 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge system have occurred or are considered to be imminent. These serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

Rationale: The MDOC review engineer noted that Snake Creek Bridge has an NBI sufficiency rating of 19.9 and the lowest overall rating is a two, and the Harlem Canal Bridge has an NBI sufficiency rating of 33.8 and the lowest overall rating is a two. Therefore, both bridges meet the criteria for being scored at a level five.

Statutory Priority #2: Reflects greater financial need.

The applicant received 900 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 9th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 52 percent. **The relative concentration of persons living at or below the LMI level ranked 6th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 27.7 percent. **The relative concentration of persons living at or below the Poverty level ranked 1st out of the 55 applications.**

Indicator #2. Financial Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.08%
Bridge levy as it relates to the state median of .04 percent	200%
Entire levy as a percent of MHI	1.61%
Entire levy as it relates to the state median of 2.78 percent	58%
2001 mill value as a percent of 1986 mill value	28%
2001 bridge mills as a percent of 1986 bridge mills	411%
Ratio of 2001 bridge levy to 1986 bridge levy	113%

The financial analysis was scored a level five because it appeared that the County has made outstanding financial efforts to fund its bridge system compared to the other TSEP bridge applicants and relative to the County's size, population, and financial capacity. In 2001, the County's bridge levy as a percentage of the MHI was .08 percent, which is two times the state median. This was accomplished even though the value of the County's mill has decreased significantly since 1986.

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. While the PER is generally complete, there were some potentially important issues that were not adequately addressed. However, it does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The team of MDOC review engineers noted that while the PER generally addressed the items that are required in the report, the report itself was brief and there were some potentially important issues that were not adequately addressed. The alternatives analysis quickly focused on only two superstructure, and one substructure, options. Various alternatives were quickly dismissed. However, the team of review engineers felt that better cost estimates and comparisons would have provided more justification for eliminating these alternatives. The team of review engineers also felt that there was inadequate justification for the length of the bridges, and that the cost effectiveness of bulb tee superstructures versus tri deck superstructures should have been discussed in more detail. However, they agreed that the technical design proposed for the project is commonly used and appears to be a reasonably appropriate solution.

In addition, the team of review engineers did not think that land acquisition was adequately discussed. There was no documentation from adjacent property owners, indicating a willingness to cooperate with the County. There also was no discussion of anticipated costs, if any, that may be associated with land acquisition.

It did not appear that various agencies were asked to comment on the environmental impacts of the proposed project. However, in the opinion of the team of review engineers, the replacement of the bridges would have minimal short-term effects on the environment, and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level two and received 280 points out of a possible 700 points.

Conclusion: The applicant inadequately demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the County has established a capital improvement fund for bridge replacement, and budgets enough money to replace two bridges with culverts each year. Over the past 20 years, the County has replaced 30 bridges with culverts.

The County's established policy on bridge repair is to replace or repair failed bridges first, and considers bridges with damaged decking next. The County relies on the road and bridge department to inspect the bridges. Since May of 2001, six bridges have been closed due to structural failures. The County is currently repairing these closed bridges. In one case, the County is adding a low water crossing for heavy loads, in addition to replacing the bridge. The County would need to budget \$600,000 a year to reconstruct the substandard bridges within the County. The County has been playing "catch-up" for many years. Since their funds have been utilized to repair or replace failed bridges, there are few funds remaining for general maintenance.

The County also has a plan for the replacement of its bridges with larger spans, which are typically replaced under MDT's Off-System Bridge Replacement Program (OSBRP). Historically, a new bridge gets built in the County approximately every six years through the program. The County currently has five bridges scheduled for replacement over the next 30 years through this program, and has several more eligible for replacement.

The County has also implemented a CIP for each of its major activities other than bridges. Equipment such as the following: technical (computers, software), heavy (graders, backhoes), vehicles (pickups), fire (engines) all have a scheduled rotation replacement plan. The County also has a five-year plan for general repairs for the courthouse and the fairgrounds. The roads are re-graveled based a rotation basis. The County has established a fund to assist with the implementation of these capital improvement projects.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant in combination with local reserves and in-kind consisting of materials and labor. The demolition of the bridges, construction of a temporary road and re-grading road approaches would be performed by the county road crew. The construction of the bridges are beyond the capabilities of the county road crew. As a result, the TSEP funds are necessary to complete the work.

The Snake Creek Bridge was originally nominated to MDT's OSBRP for funding, however, the bridge ranked very low. As a result, the County decided that it would be more likely to be funded through TSEP. The applicant also discussed several other potential funding sources for bridge projects, but none of them were viable.

The applicant stated that the small population and lack of industry results in a low tax base, which is the principal source of revenue for funding bridge construction. The County levies the highest mills compared to counties in the surrounding area, and county residents would not likely approve additional

levies for bridge replacement since the County's farmers and ranchers have been hard hit with five years of drought in the area.

The applicant is requesting a hardship grant with only a 25 percent match. In 2000, the applicant levied .08 percent of the MHI for bridges, but only levied 1.71 percent of the MHI in total, which is only 62 percent of the statewide median. As a result, the applicant does not meet the third hardship criteria, which requires that the applicant be levying at least 2.78 percent of MHI in total, or make up the difference through a general obligation bond. The applicant stated that the County has no long-term bonded indebtedness. After notifying the applicant that it does not qualify for a hardship grant, the County stated that it would contribute the additional amount of \$157,618 from its reserves in order to allow the project to move forward.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the bridge system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the TSEP project would not directly result in any business expansion. The primary employment within the County consists of farming and ranching, with natural gas development in portions of the County. The bridge improvements will provide existing business's (farming operations) with better access to their land and transportation of goods and services, especially to the new high-speed railroad car grain facility in Harlem. The evaluation of the County's bridges pointed out the importance of this farm to market route for county grain haulers.

There is another available route for grain haulers in the area, but would require utilizing a different bridge that also has problems. At a public meeting in Harlem, area farmers were concerned about hauling heavy loads across this bridge because of the long span and low weight limit. This bridge would be too costly to replace with County funds. Based on public input, the County submitted Bridge #40 as the County's number top priority to the MDT's OSBRP. The bridge has been accepted by the program and is tentatively scheduled to be replaced in 2006. As a result, the County decided to create a direct route to U.S. Highway 2 by replacing the smaller bridges proposed in this project.

In addition, in the past two years, oil and gas revenue in the County has increased 200 percent. Last year, the County received 120 new gas permits. The proposed project could potentially encourage additional oil and gas exploration, since drilling rigs are potentially forced to take long detours to access properties because of the limited load capacities of these bridges.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that the County held three meetings to discuss the bridge projects. Two meetings were held in December 2001, in Chinook and Harlem, to get input on the draft bridge assessment. The local newspaper published two news articles to encourage citizen participation

in the bridge assessment. The County also prepared and collected bridge questionnaires in order to obtain additional public input on which bridges to repair or replace. Based on the public input at the Harlem meeting, the County re-nominated Bridge #40 to MDT's OSBRP.

A public hearing was held in the evening on April 23, 2002, to discuss the proposed TSEP application. Handouts were distributed that discussed the scope of the project, probable project costs, funding strategy and implementation. The MDOC reviewer noted that the sign-in sheet only included the names of two commissioners and the grant writer. The applicant stated that the County received numerous letters supporting the replacement of the bridges, however, only one letter was included in the application, but it was signed by 40 individuals.

Project No. 15**Upper and Lower River Road Water and Sewer District – New Water and Wastewater System**

This application received 3,660 points out of a possible 4,900 points and ranked 15th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature
RRGL	Grant	\$100,000	Awaiting the decision of the Legislature
RRGL	Grant	\$20,000	Committed and partially spent
STAG	Grant	\$2,000,000	Request submitted March 2002, awaiting congressional approval
SRF	Loan	\$792,000	On the priority list, will apply when necessary
Project Total		\$3,412,000	

Median Household Income:	\$24,395	Total Population:	660
Percent Non-TSEP Matching Funds:	85%	Number of Households:	265

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
(No existing centralized water or wastewater systems)			Target Rate:	\$40.25	-
			Rate With TSEP Assistance:	\$65.00	161%
			Rate Without TSEP Assistance:	\$76.50	190%

Project Summary

History – The area, located immediately south of the city limits of Great Fall, on the east side of the Missouri River, began developing in 1917. There are currently eight subdivisions and five mobile home parks in the District with only on-site water and wastewater systems. The District was recently formed to deal with water quality problems in the area, related to the fact that there is no centralized water or wastewater system serving the area. On-site wastewater systems are degrading area wells and groundwater quality. The DEQ and the Great Falls City County Health Department (CCHD) conducted a groundwater study in the area in 1997-98, finding high levels of nitrate and ammonia in the drinking water wells. There is a long history of water quality problems in the small public systems, and several boil orders have been issued over the years. One system in particular, the Pearson Addition lagoon, is an open cesspool that drains raw sewage directly into the ground. DEQ and CCHD have ordered this situation to be corrected as soon as possible.

The City already has 12" trunk mains in place, for both water and sewer, that go through the District. The mains serve a developed property outside of the District, on the west edge, that is annexed to the City. The proposed project would connect the District to the City's water and wastewater systems by tying into the existing trunk mains.

The project is proposed to be constructed in phases. The total cost of the completed proposed project, serving the entire area, is estimated at approximately \$5,810,000. The proposed first phase would connect six of the highest priority areas, which represents approximately 60 percent of the households of the entire project area. The second phase would connect approximately 177 additional

households serving 449 more people.

Problem – The Upper and Lower River Road area has the following deficiencies:

- ☐ on-site wastewater systems in the area are causing high levels of nitrate and ammonia in the drinking water wells, and
- ☐ area wells are naturally high in iron, sodium, sulfate and total dissolved solids.

Proposed Solution - The proposed project would connect this area to the City's existing water and sewer trunk lines by installing:

- ☐ 14,300' of 8" PVC sewer main,
- ☐ 7,950' of 3/4" PVC sewer connection lines,
- ☐ 13,200' of 8" PVC water mains,
- ☐ 7,950' of 4" PVC water connection lines, and
- ☐ 265 water meters.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level five and received 1,000 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water and wastewater system have occurred or are considered to be imminent. These serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

Rationale: The MDOC review engineer noted that drinking water is supplied to residents within the District via five public water systems and over 250 individual wells within the District. Water supplies consist almost exclusively of wells developed within the uppermost aquifer, which is of poor quality. Groundwater in the area is plagued with high nitrates, ammonia, phosphorous, iron, sulphates, total dissolved solids, sodium and hardness. There have also been incidences of coliform contamination within systems. A study demonstrated that the area groundwater is severely impacted by drainfield effluent. Several of the public water systems also have low-pressure problems, which are a public health and safety threat due to the potential for backflow and cross connections. Low pressures are due primarily to distribution piping that is too small. There have been several public health advisories, boil orders, and administrative orders.

There are six public sewer systems and over 260 individual onsite systems within the District. The Pearson Addition, a 74-lot subdivision, is served by a single lagoon that is approximately five percent of the DEQ requirement for a community of this size. The lagoon is essentially operating as a seepage pit. Testing of nearby wells has shown elevated levels of ammonia, nitrate and phosphorous. Several of the other public systems have experienced failed drainfields and surfacing of effluent within park areas of the development. Several of the public systems have no space available for replacement drainfields. It is well documented that on-site wastewater disposal systems are causing environmental pollution of the local aquifer.

While no documented illness have been recorded, it has been adequately demonstrated that there are serious deficiencies that are likely to lead to serious public health problems at any time. High nitrate levels documented in the District are a serious threat to human health particularly within infants. Positive coliform tests within public system are also a significant human health threat.

The proposed project will resolve the drinking water deficiencies by replacing the existing substandard water supplies and infrastructure with City of Great Falls treated water. The proposed project will also resolve the wastewater system deficiencies by replacing the existing substandard on-site systems with a central collection system to allow treatment by the City.

Statutory Priority #2: Reflects greater financial need.

The applicant received 540 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 37th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 34 percent. **The relative concentration of persons living at or below the LMI level ranked 45th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 14.7 percent. **The relative concentration of persons living at or below the Poverty level ranked 27th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant clearly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were no issues of any significance that were not adequately addressed.

Rationale: The MDOC review engineer noted that the PER is outstanding and clearly analyzed and thoroughly documented that it has proposed an appropriate cost-effective technical design that solves the problem in its entirety. The PER thoroughly analyzed and compared all feasible alternatives for addressing the problems within the District. There are no issues of any significance that have not been adequately addressed.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that prior to a groundwater study in 1998, there was no comprehensive knowledge of an area-wide problem. Due to the high cost of annexing small parcels, several individual efforts to connect to City utilities have failed. Of particular note is the Missouri Meadows Trailer Court, which could not afford to annex and connect to existing City utilities that already exist at the edge of the property.

The applicant stated that people of the area voted to organize and to develop the best long-term plan for public utilities in their area, as well as to present a strong, unified voice in negotiating connection and/or annexation conditions with the City. The proposed project is consistent with Great Falls area community development plans. The project brings the District closer to full integration into the community, and will provide for better planning and more organized growth.

The MDOC review engineer noted that it appears that the six public water and sewer systems within the District have received numerous administrative orders and health advisories related to substandard O&M practices. However, the proposed project would connect the District to the City, which has good O&M practices.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP, STAG and RRGL grants in combination with an SRF loan. The applicant stated that the District has requested a \$2,000,000 STAG grant through Senator Burns. The status of this request is expected to be resolved by congressional action after the November election. An income survey will be completed in the summer of 2002 to discern the number of low and moderate-income residents. A CDBG application will very likely be made to target LMI users and to pay the debt service for these users. The high number of aging mobile homes in the area is a strong indicator of the concentration of LMI families. The District feels that CDBG targeting would be a very viable alternative to make the project competitive for CDBG funding.

RUS was contacted regarding their interest and capability in providing financial assistance to the District. Given the uncertain nature of annexation as of May 1, 2002, and/or utility connection conditions, RUS is temporarily withholding a commitment to the project. Based on the area's MHI from the 1990 Census, the District is not eligible for grants. However, after completing the income survey and finishing negotiations with the City, the District may discover that RUS could be a viable funding source. RUS verbally indicated that they are potentially willing to participate.

In lieu of the very uncertain nature of STAG and RUS funding, TSEP becomes the backbone of the District's funding effort. It is quite likely that TSEP will receive an additional application from the District in the future for the next phase of this project.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level one and received 100 points out of a possible 500 points.

Conclusion: The applicant did not demonstrate that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement to an area that is residential only, and it does not appear to be necessary for providing any job opportunities or business development. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that even though no business expansion is specifically dependant on this project, further development is restricted. New residential development utilizing individual septic systems is very limited, and it is doubtful that any new commercial operations within the study area would be able to be permitted with a standard on-site sewage disposal system. As a result, this has kept new home construction from occurring in the District, and residents have been discouraged from making improvements to existing homes. Even the replacement of an existing public or commercial septic system that malfunctions may also be affected if the replacement is determined to be a "new source" as described by the state's non-degradation rules. The applicant also noted that the failure of any of the small public drain fields in the mobile home courts could effectively shut down those courts, which would displace LMI families and harm the tax base. The proposed project will greatly encourage expansion of the local tax base by allowing for in-fill development. Area homeowners will also be encouraged to remodel and improve older homes as their property rises in value as a result of connection to the public utilities.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project. This statutory priority was not scored higher because while the applicant showed strong interest in the creation of the District, the applicant did not conclusively demonstrate strong community support for the project that has been specifically proposed.

Rationale: The applicant stated that a local task force was formed in 1996 to look at the problems in the area. A detailed groundwater study of the Upper and Lower River Road area was completed in 1997, and a public meeting was held regarding the study results. The first news story was published in 1998 regarding the preliminary results of the study, and the County started to publicize the need for a water and sewer facilities plan. In 1999, a survey was sent to all study area residents to obtain data on number, type, and condition of on-site systems. The preliminary analyses indicated that the least cost project is to connect to the City's systems, and detailed discussions with the City began in 1999.

The first newsletter was sent to all area residents and the *Great Falls Tribune* published a three-page article on the problems and solutions in the area. The *Tribune* also published an editorial urging area residents to annex to City. A public hearing was held regarding alternatives for construction of water and sewer systems in the area and the *Tribune* wrote another article about the meeting. A resident opinion poll was mailed to all study area residents, and respondents overwhelmingly favored negotiations with the City to further explore annexation and utility connection conditions.

In 2000, the decision was made to pursue creation of a county water and sewer district. Another newsletter was sent to all residents, and a second public hearing was held. At that point, area residents began discussing whether to increase the District's size and scope. A task force obtained signatures from 43 percent of registered voters in the area to create a district. In 2001, the County held a hearing regarding the boundaries for a district. After the District was created by a popular vote of the electorate, additional meetings were held and newsletters were sent to all District residents. In 2002, annexation

negotiations started with City staff. On March 28, 2002, the District held a final public hearing on the proposed project, its cost, and the TSEP and RRGL applications.

In addition to newsletters, the District advertised all of its meetings in the *Tribune* twice a month, and meetings are held the first and third Mondays of each month. From the outset of this project in 1998, there has been tremendous public communication and public education. The applicant included meeting agendas, meeting minutes, and newsletters, which indicated that the public was clearly informed of the cost of the proposed project per household.

Separate from the application, the Department received letters of support for the proposed project, prior to the application deadline, from the county commissioners, city-county planning board, and the city-county health department.

Project No. 16
City of Polson – Water System Improvements

This application received 3,624 points out of a possible 4,900 points and ranked 16th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature
SRF	Loan	\$589,418	Not On the priority list, no request received by the program
Applicant	Cash	\$147,500	Committed
Project Total		\$1,236,918	

Median Household Income:	\$14,231	Total Population:	4,360
Percent Non-TSEP Matching Funds:	60%	Number of Households:	1,639

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$17.90	-	Target Rate:	\$23.48	-
Existing Wastewater Rate:	\$15.00	-	Rate With TSEP Assistance:	\$35.03	149%
Existing Combined Rate:	\$32.90	140%	Rate Without TSEP Assistance:	\$36.48	155%

Project Summary

History – The City lost a primary water supply source, Hell Roaring Creek, in 1994 due to basin contamination. Since then, the City has actively pursued means to replace this surface water supply as well as provide for new growth in the area. The City relies on several wells and storage reservoirs to provide water. Water restrictions and a moratorium on new hookups have been imposed to alleviate the problem. The City provides water to users on the east and west side of the Flathead River, with 95 percent of the residences and business located on the east side. Two new wells and a storage reservoir were constructed on the west side of the river in 2001 to serve the west shore residents and supplement supplies on the east side. Presently, these new facilities are not connected to the east side water distribution system, and consequently cannot be used to supplement existing sources.

Problem - The City's water system has the following deficiencies:

- ☐ cannot meet the existing peak demand for water,
- ☐ storage reservoirs drop during peak use and some residences experience low pressures,
- ☐ limited fire fighting capability,
- ☐ likelihood of cross connections increase when negative pressures occur with low water levels, and
- ☐ inadequate well capacity restricts maintenance due to the inability to remove an active pump from the system because of the lack of redundancy.

Proposed Solution - The proposed project would construct a 12" water main that crosses the Flathead River.

Note: The proposed solution does not propose to resolve the problem related to well capacity restricting maintenance. Therefore, that deficiency was not taken into consideration in the scoring of Statutory Priority #1.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system are likely to occur in the long-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence after chronic exposure, and a moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact.

Rationale: The MDOC review engineer noted that the loss of the Hell Roaring Creek water supply has had a significant impact on the City, and obtaining another groundwater supply on the east side of the Flathead River does not appear feasible. The current maximum day demands on the east shore cannot be met with maximum well production located on the west shore. Therefore, the inability to supply water to the east shore to meet maximum day demands is a serious deficiency. The City experiences low storage levels during times of maximum day demands, and not having adequate storage to fight a fire is a serious public safety problem. While the City can provide some fire protection, it is below standard for areas of high-density development. As a result, these types of deficiencies are considered a health and safety problem that is likely to occur in the long-term if the deficiencies are not corrected. Connecting the west shore to the majority of the City on the east shore would resolve these problems by supplying the City with an additional 1,000 gpm of water and additional storage of one million gallons.

Statutory Priority #2: Reflects greater financial need.

The applicant received 684 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 1st out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 54 percent. **The relative concentration of persons living at or below the LMI level ranked 5th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 21.8 percent. **The relative concentration of persons living at or below the Poverty level ranked 6th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER is generally complete and there were only some minor issues that were not adequately addressed. The PER did not provide information about improvements that will be necessary to the existing storage tanks, wells, or distribution system during the 20-year planning period.

The alternative selected is to install a 12-inch water main underneath an existing highway bridge. In a letter from MDT it was stated that the bridge would probably be replaced in the next 10 to 15 years due to its age. If the water main is installed under the bridge, the cost to relocate it to the new bridge would be the responsibility of the City. The replacement costs associated with moving the main are not included in the 20-year planning period cost analysis.

The MDT also stated that a detailed structural analysis would be required before approval would be given for the project, because while the bridge could support an 8" water main, a 15" main would be too heavy. No supporting structural analysis was included in the PER that demonstrates that the selected alternative of a 12" would not adversely affect the existing bridge.

The PER stated there was a concern about performing maintenance on a buried water main under the Flathead River. However, the MDOC review engineer noted that in typical directional drilling applications, the pipe is fusion welded HDPE and once the pipe has been pressure tested and passed, leakage or maintenance on this installation would be nil. The PER states ductile iron is a proposed material for the directional drilling application and use of this pipe could be the reason for maintenance concerns by the applicant. Inclusion of O&M costs for an insulated water main may still show the directional drilling alternative to be a more cost-effective and long-term solution.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level five and received 700 points out of a possible 700 points.

Conclusion: The applicant conclusively demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that since 1997, the City has completed several projects or studies totaling \$2,442,390 in order to improve its water system. These have been funded entirely with City funds. The last water rate increase occurred in May of 1999. An additional water rate increase will be planned for the proposed project also. All service connections are metered. The City is just completing a major upgrade of their sewage treatment lagoons.

The proposed project is a component of the City's comprehensive CIP, which was last updated in 1999. The 1998 CIP identified water quantity as the number one priority, and action was taken at that time to pursue additional water. In the 1999 CIP update, water quantity was still included but at a lower priority, primarily due to the activities to improve supplies that were underway. Well drilling efforts at that

time did not produce the quantity of water required, and consequently, shortages of water became more evident that led to the development of the well supplies and storage tank on the west shore. Lake County has stated that the project is also a high priority in the recent update of its CIP. The 1998 community needs assessment, last updated in 1999, lists water quality and quantity as priority issues (priorities 14 and 18) with the citizens surveyed in the community.

The problem is of recent origin, caused primarily by the loss of the Hell Roaring Creek water supply. This problem developed due to more stringent regulations regarding surface water supplies rather than inadequate operation or maintenance. The City has worked diligently to find replacement groundwater supplies and will continue to address problems in a proactive manner.

The MDOC review engineer noted that it appears that the City's O&M practices are good, based on conversations with DEQ.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP grant in combination with an SRF loan and local reserves. The applicant stated that the City is in the process of having the project listed on the SRF project priority list; however, DEQ staff stated that they have not received any request to be placed on the list. Given the size of the project, the amount of funds needed and the anticipated loan amount required to complement the desired TSEP grant, it was concluded that additional grant funds are not needed from other sources. However, the City did consider CDBG funding, but with only a small amount of work completed on an existing grant they cannot apply for grant assistance this year. The use of RRGL funds was considered, but it was decided this project would not be a good candidate for that program given the limited resource conservation benefits. A RUS grant/loan package was also considered and disregarded, primarily because the TSEP/SRF funding package appeared more financially favorable, with less administrative constraints.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that given the moratorium on additional hookups in place in the City, and the high growth that has occurred in the communities surrounding Flathead Lake, it could be readily surmised that several jobs would be created in Polson if adequate water supplies were available. Lack of subdivision activity and limitations on new business due to the moratorium has had a direct impact on economic growth in Polson. Business leaders have indicated strong support for the project due to the beneficial economic impacts. Jobs can be expected for home construction, service industries, home construction supplies, wood products, tourism and other work that can be expected in a growing

community. The anticipated growth in housing and business that is expected to occur in Polson when the moratorium is lifted will add to the tax base of the community. However, the applicant also stated that there were no businesses that have been identified for expansion.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that the City held a public hearing on the project on April 1, 2002. Information about the project, including its cost and impact on rates, was presented at the hearing. Copies of the detailed minutes of the meeting and evidence of advertisement were included in the application.

The proposed project is a component of the City's comprehensive CIP, which was last updated in 1999, and is listed as a high priority. The 1998 community needs assessment, last updated in 1999, lists water quality and quantity as priority issues (priorities 14 and 18) with the citizens surveyed in the community.

Letters of support were received from the Polson Community Development Agency, local chamber of commerce, city fire department, a realtors association, and two businesses regarding the proposed project. No opposition has been expressed.

Project No. 17
City of Conrad – Water System Improvements

This application received 3,588 points out of a possible 4,900 points and ranked 17th out of 55 applications in the 2003 recommendations to the Legislature. The 2001 Legislature appropriated a \$100,000 emergency grant to the City for the proposed project, which was not utilized. **MDOC recommends the requested TSEP grant of \$500,000, with the condition that the \$100,000 awarded by the 2001 Legislature is terminated and re-allocated to fund the applications before the 2003 Legislature.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature
RRGL	Grant	\$100,000	Awaiting the decision of the Legislature
STAG	Grant	\$2,189,000	Request submitted, awaiting congressional approval
SRF	Loan	\$1,191,300	On the priority list and application to be submitted May 2003
Project Total		\$3,980,300	

Median Household Income:	\$25,039	Total Population:	2,753
Percent Non-TSEP Matching Funds:	87%	Number of Households:	1,063

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$31.23	-	Target Rate:	\$41.31	-
Existing Wastewater Rate:	\$17.29	-	Rate With TSEP Assistance:	\$55.15	134%
Existing Combined Rate:	\$48.52	117%	Rate Without TSEP Assistance:	\$58.33	141%

Project Summary

History – The City's drinking water is obtained from Lake Frances, which is in turn filled by releasing water from Swift Reservoir located south of Heart Butte, Montana. In general, the maximum operating level of the lake is approximately 3,815'. The Pondera County Canal and Reservoir Company (PCCRC) imposes a minimum water level of 3,794'. Water from the lake is released through an outlet pipe located at the dam into a canal operated by the PCCRC. The intake for the City's water system is located at the start of the canal and consists of two intake screens situated in the canal with two 16" intake pipes connected to the pump station wet well. The intake and a new pump station, with three vertical turbine pumps, was constructed in 1995.

During periods of drought, the water level in Lake Frances can drop as much as 26'. The result is a long shallow channel approximately 3,500' in length separating the deep pool of the lake and the outlet pipe where the water is released. This channel is the result of natural topographic features and silt deposition upstream of the outlet pipe.

During the summer of 2000, the depth of water in the shallow channel decreased to six inches in one reach, seriously jeopardizing the City's sole source of water. If the lake level dropped any lower, the City would have been completely without a source of drinking water since no backup supply exists. As a result, the City dredged silt from the channel to enable water to flow from the deep pool to the outlet pipe. Continued siltation of the channel makes it likely that the City would have to dredge the

channel again when the lake level is seriously low. Because the channel is very shallow, there is also the potential for the water in the channel to completely freeze during the winter months, further jeopardizing the City's water supply.

In addition, the existing intake has presented a myriad of problems since its installation, making operation and maintenance expensive and often difficult. The existing intake was installed with an air backwash system, which does not adequately clean the screens. The screens routinely clog with silt, especially during years when the lake level is low and prevailing winds increase the water turbidity. In 2001, the intake screen became so clogged that it completely blocked the intake. This prompted the City to drain the canal and clean the screens. They also retrofitted an improved air backwash on the intake in 2000, but it has not been in service long enough to know if the system will adequately clean the screens.

The 2001 Legislature appropriated a \$100,000 emergency grant to the City for the proposed project. However, these funds have not been provided to the City because it has not been able to obtain the other funds necessary to finance the project.

Problem - The City's water system has the following deficiencies:

- ☐ intake screens clog, completely blocking the intake, and
- ☐ location of intake can result in limited or no water in drought years.

Proposed Solution - The proposed project would:

- ☐ construct a new intake along with 2,500' of 18" pipeline in the deep pool of Lake Francis,
- ☐ construct a new pump station and wet well on the south side of Lake Frances,
- ☐ install in the new pump station two of the existing 100 horsepower pumps,
- ☐ construct an intake backwash using high pressure air and water, and
- ☐ construct 11,000' of new 16" PVC transmission main.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that in years of drought, there is a very high probability for the City to totally lose the public water supply due to unpredictable and uncontrollable circumstances if the intake remains in its existing location. The City came very close to losing its source of municipal water in recent years of drought and only prevented the occurrence by obtaining emergency funds to dredge the shallow channel of the lake.

During the recent years of drought, the level of Lake Frances has dramatically dropped leaving a shallow channel, over one mile long, connecting the deep pool of the lake and the East Dam. In the last 20 years, the PCCRC has been forced to severely limit or completely shut off the discharge of irrigation waters from Lake Frances five times (1983, 1984, 1985, 2000, and 2001) due to low water levels. The water level in this shallow channel decreased to only six inches in one reach during the summer of 2000. The reduced flow greatly lowered the City's water supply and forced water restrictions to be placed upon the community. More seriously, the City has no backup source of water and would have been completely without water if this channel had quit flowing.

In an attempt to avert the loss of the public water supply, the City performed emergency improvements including dredging the shallow channel in the summer of 2000. The measures were funded through a mill levy assessed as part of disaster relief and emergency funding from the DNRC. The City also filed an injunction against the PCCRC, stopping the release of water from Lake Frances and cutting off irrigation water to area farmers.

Unfortunately, the threat to the community's water supply still remains. As part of the dredging operation, vertical walls in excess of eight feet were cut through existing sediment along the shallow channel. A high potential exists for these vertical, silt walls to collapse and block the channel thereby causing an unexpected and immediate loss of the City's water supply. The winter months also present another threat to Conrad's water supply. The shallow nature of the channel creates the possibility that the water in the channel would completely freeze, thereby cutting off the City's water supply.

The loss of the community's water supply would create serious public health and safety problems until the water source could be restored. The Conrad water system has two 1,000,000-gallon storage tanks, but that amount of water will only supply the community with the average daily use for a little over four days. Additionally, the loss of a water supply would create serious concerns with the operation of the sanitary sewer system and leave the City without fire protection.

The proposed solution would relocate the intake and pump station for the City's water supply to a point where the deep pool of Lake Frances can be accessed. Lake Frances has 122,000 acre-feet of storage of which 20,000 acre-feet is inactive storage represented by the deep pool. Natural topography creates large elevation differences between the deep pool and the dam insuring the water in the deep pool can never be released as irrigation water. The deep pool would therefore represent a consistent and reliable source of water for the community.

Statutory Priority #2: Reflects greater financial need.

The applicant received 468 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 38th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 30 percent. **The relative concentration of persons living at or below the LMI level ranked 46th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 8.9 percent. **The relative concentration of persons living at or below the Poverty level ranked 48th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The

PER is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the proposed solution is an appropriate one in that it will provide the City with a reliable, long-term supply of drinking water. The water provided by the proposed intake will also be of better quality, particularly reducing the turbidity of the raw water entering the system.

The PER is generally complete with only a few minor items missing. The cost estimates and lack of a basis of sizing for the 18-inch line (40 percent of the project cost) raised some minor concerns.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level five and received 700 points out of a possible 700 points.

Conclusion: The applicant conclusively demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the City budgets approximately \$345,000 annually for operation and maintenance of the water system, or approximately \$20.25 per equivalent dwelling unit. Rates were recently raised as a result of a \$2 million project for improvements to the water treatment plant. The current water rate has been adequate to not only operate and maintain the water system, but also fund a water meter installation project in 2000. The system is now completely metered.

Planning efforts date back to the early 1970s when a comprehensive plan was first completed for the City. Since 1994, the City has completed six planning studies related to their public facilities. Recent water system planning dates back to 1983 when a water system study was completed to evaluate the City's water supply options. In 1999, the City began studying the water treatment plant, storage reservoirs, and distribution system. Since the completion of that study, the City has completed pilot testing of the recommended treatment process, installed water meters, completed phase one of the water treatment plant improvements, and is currently implementing phase two improvements, which are anticipated to be completed in the spring of 2002.

In 1996, the City's wastewater facilities were studied in order to evaluate various alternatives for disposing of sludge from lagoon based treatment facility. Recognizing that other wastewater deficiencies existed, the City began work on a formal wastewater facilities plan in 1999. As a result, the City has completed over \$730,000 in wastewater collection system improvements.

In 1999, the City formed a needs assessment committee to determine how to spend funds from two grants. A hearing was held to obtain ideas and comments from the public.

The City completed a comprehensive ten-year CIP in early 2002, which incorporated the improvements recommended in the recent water and wastewater facility planning documents, and also identified needed improvements in other City services such as solid waste, streets, parks, public buildings including the city shop and library and equipment, and emergency services. The proposed project is consistent with current plans and is currently the City's number one priority. There was no discussion of whether the CIP has been adopted by the City.

The proposed project is not addressing problems resulting from neglect. The threat of collapse of the walls of the narrowly dredged channel between the deep pool and the intake, the threat of freezing in the channel, the continued siltation and filling in of the channel, years of drought, and the natural topography of the lake bottom have made the City's water source unreliable if drawn from its current location.

The MDOC review engineer noted that according to DEQ it appears that the City's O&M practices are good and is maintaining a reasonable level of investment in the system.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: The applicant sufficiently demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP, RRGL, and STAG grants in combination with an SRF loan. The applicant stated that the City has been actively pursuing STAG funding through Montana's congressional delegation. The project is supported by all three members of Montana's congressional delegation, and a request in the amount of \$2,189,000 to be administered through the EPA is supposed to be included in the 2002 HUD funding bill. A similar effort in 2001 was unsuccessful. The applicant stated that the City is anticipating an award in October 2002, however, the MDOC reviewer noted that Congress is not expected to act on the budget containing STAG grants until after the November 2002 elections.

The City is not eligible for the CDBG program since it has an LMI of only 30 percent. It was determined that RUS funding was not a cost effective funding source for this project since that program gives preference for grants to low income communities unable to obtain other financing and it would preclude the utilization of a low interest loan through the SRF program.

The applicant stated that the City also explored the possibility of receiving a share of the drought relief funds that were made available to the State, but determined that it was ineligible for these funds because no agricultural loss was experienced by the City. The City is also pursuing potential cost sharing for the project with Malmstrom Air Force Base. A nearby missile control center, was supplied by a separate pump station at the intake, but has been hauling water for over two years. Malmstrom officials approached the City with an interest in connecting to the water distribution system at the existing pump station.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level three and received 300 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities, and cited various businesses that would benefit by the proposed improvements. However, the applicant did not reasonably demonstrate that the proposed project would directly result in the expansion of a specific business, or the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements should maintain and possibly add to the tax base if any business expansion occurs.

Rationale: The applicant stated that by moving the raw water intake to the deep pool of Lake Frances, more water would be available to 90 percent of Pondera County's agricultural producers, which have a total of 76,000 acres of irrigable land. Because the PCCRC has had to maintain minimum lake level to insure water could be released to the City's intake, approximately 10,000 acre feet of water was unavailable during the 2000 and 2001 irrigation seasons. The estimated loss to area producers in 2000, corresponding to the loss of the irrigation water, was approximately \$5.3 million. As a result, this additional water would help retain a substantial number of full-time jobs associated with area farms.

Implementation of this project may also result in enabling a proposed Agri-Complex and/or a malting plant to be located in the City. Malt Montana exhibited considerable interest in locating in Conrad if an adequate source of water could be provided. If neither of these particular developments fails to come to fruition, the project would still allow the City to attract other industrial and agricultural

development to Conrad. It is unknown whether or not the proposed TSEP project would result in expansion of any existing businesses. No specific firms have plans for expansion at this time.

The City has imposed a moratorium on new hookups outside the City limits for the past eight years. This moratorium will not be lifted until the new raw water intake and pump station are constructed and the water supply is secure. The proposed project could result in the annexation of areas adjacent to the City, thus increasing the property tax base of the City.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that four public hearings were held where the proposed project was a major topic for discussion. The first public hearing was February 1, 2001 and the most recent on April 10, 2002. At the first public hearing, the City's water system and the proposed North Central Montana Regional Water System was discussed in an effort to provide a complete picture of the alternatives. At the most recent public hearing, the City discussed the deficiencies of the system, the alternatives considered for solving the problem, the proposed funding package, and the estimated cost per user. The meeting was attended by 25 citizens. No comments opposing the project were voiced. The meetings were well documented and the application included legal notices, agendas, sign-in sheets, minutes, and copies of presentations.

The City received several letters from local organizations in support of the project including the Pondera Coalition for Progress, PCCRC, and Conrad Volunteer Fire Department.

During the 2001 Legislature, a bill was introduced which would have appropriated \$1.7 million for the project. Even though the bill was tabled in committee, Conrad's citizens came together as a community to support this legislation. A petition was signed by over 217 residents, and a contingent of over 15 people representing the City, the local chamber of commerce, local businesses and area farmers testified at a legislative hearing.

A comprehensive ten-year CIP was completed in 2002, however, it was not clear if the City has adopted the plan.

Project No. 18
City of Glendive – Storm Water Improvements

This application received 3,560 points out of a possible 4,900 points and ranked 18th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$139,133.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 139,133	Awaiting the decision of the Legislature
BNSF	Cash	\$ 133,500	Funds committed (Burlington Northern Santa Fe Railroad)
Applicant	Cash	\$ 32,450	Funds committed and partially expended
Project Total		\$ 305,083	

Median Household Income:	\$20,718	Total Population in the Project Area:	798
Percent Non-TSEP Matching Funds:	54%	Number of Households in the Project Area:	301

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$30.49	-	Target Rate:	\$34.18	-
Existing Wastewater Rate:	\$ 6.44	-	Rate With TSEP Assistance:	\$36.93	108%
Existing Combined Rate:	\$36.93	108%	Rate Without TSEP Assistance:	\$40.84	119%

Project Summary

History – The project area was primarily developed during the early 1900s and did not include provisions for storm water run-off. During the mid-1900s, a series of manmade drainages were constructed. During the oil-boom of the late 1970s and early 1980s additional residential units were constructed resulting in numerous culverts being installed.

Problem - The storm drain system has the following deficiencies:

- ☐ sediment from the erosion of the surrounding hills is carried into the Rosser Ditch, restricting the volume of storm water that can be handled by the ditch, resulting in overflows and flooding of adjacent areas,
- ☐ flooding also causes surcharging of the sanitary sewer system resulting in discharges, and
- ☐ the problem is compounded because part of the area flooded is the BNSF rail yard, which results in petro-chemicals being carried into the adjacent neighborhood.

Proposed Solution - The proposed project would construct three basins to collect the sediment from storm water runoff before it reaches the Rosser Ditch.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level five and received 1,000 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the storm drain system have occurred or are imminent. These serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

Rationale: The MDOC review engineer noted that environmental pollution, property damage and safety problems are clearly documented to have occurred as a result of the deficiencies. The Rosser Ditch has overflowed 11 times since 1996 and seven times in the last two years. Illness and disease outbreak have not been documented, however, the potential for illness due to the discharge of untreated wastewater and hydrocarbons on to the baseball fields is obvious and is considered to be imminent. Exposure to untreated wastewater can cause illness. Exposure to untreated hydrocarbons and byproducts from the railroad yard also have the potential to effect human health. Also, if a spill were to reach the Yellowstone River, it could have a major impact on environmental resources in the area. The applicant and BNSF have received warning letters from the DEQ regarding discharges near the lift station. The discharge of untreated wastewater and hydrocarbons onto the ground in public places is clearly a violation of state and federal health standards. The DEQ has warned the City and BNSF, "... that in the event of future similar discharges, DEQ may issue a formal 'Notice of Violation' that may include the assessment of a monetary penalty for violating the Montana Water Quality Act."

Statutory Priority #2: Reflects greater financial need.

The applicant received 360 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 20th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 36 percent. **The relative concentration of persons living at or below the LMI level ranked 36th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 6.6 percent. **The relative concentration of persons living at or below the Poverty level ranked 50th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that there were some minor issues that were not adequately addressed. The PER is a comprehensive analysis of the Rosser Ditch, but does not address the applicant's entire storm drain system. Therefore, it is difficult to determine whether the City's storm drain system has other deficiencies that require improvement. All reasonable alternatives for the Rosser Ditch were thoroughly considered, and the chosen alternative is the most efficient and cost-effective alternative.

Comments from environmental regulatory agencies were solicited approximately one week before the application was due. Therefore, agency comment on environmental issues was not included in the PER. However, no obvious environmental concerns were identified by the applicant, and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that it completed water and sewer master plans in 1983 and again in 1998. In 1991, the first phase of water treatment plant improvements was completed at a cost of just over two million dollars. The second phase of the water treatment plant was completed in 2000 at a cost of over two million dollars, along with a water line replacement to the Hungry Joe Reservoir and water main replacement on Meade Avenue. The City currently has individual service meters on its water system. During this period, the City also completed improvements to its wastewater lagoons at a cost in excess of \$333,333. The City funds the storm water system through the wastewater enterprise fund. During the mid-1990s, new regulations placed additional restrictions on landfills across Montana. The City decided to provide landfill services to its residents, Dawson County, and some of the surrounding towns so it designed and planned a new class II landfill.

The City has not adopted a formal CIP; however, they have research and development (R&D) accounts for their enterprise funds, and CIP funds for non-enterprise funds, along with various five-year plans associated with their public facilities. The City plans to combine these various plans and formally adopt a CIP. In 1993, the City initiated a 12 percent water rate increase with half of this increase earmarked for R&D. While sewer rates experienced 54 percent increases from 1991 through 2001, water rates increased approximately 177 percent above the rates in place in 1990 during this same period.

In 1997, the City, in conjunction with the Glendive Medical Center and other groups, issued a survey to its residents. Although this survey was originally intended to obtain geographic and economic data, the City took the opportunity to expand its contents to include various questions concerning infrastructure. Although various concerns were noted and resolved through the survey, examples of projects evolving from this survey were housing, curbs, and a tree planting program to help residents battle Dutch Elm Disease.

The Rosser Ditch has been in place and used for storm water runoff for many years. Only in the last few years has an overflow problem existed. The City has cleaned the sediment from this ditch 24 times in the last six years. The City has engaged the services of two different engineering firms to review and design solutions for storm water runoff problems in three separate areas of the City. The MDOC

review engineer stated that it appears the City has had good O&M practices. The deficiencies are due to inadequate infrastructure for handling storm water rather than substandard infrastructure.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and BNSF grants in combination with local reserves. BNSF has committed funds to this project because of the environmental impact of flooding occurring in the rail yard. The City determined that the use of sanitary R&D funds for this project was not appropriate as these funds had been collected from all sewer hook-ups and had been earmarked for sanitary sewer projects included in the master plan. The City also determined that a storm sewer assessment may be appropriate in order to accumulate R&D funds for storm sewer, but the costs of the Rosser Ditch project would have to be borne by the residents of the area affected, who are typically LMI. A separate assessment upon these individuals would create a hardship for them and would be difficult to pass.

Due to the small size of the project, the general consensus of personnel from DNRC, CDBG, RD, and INTERCAP as well as TSEP, was that the City should not devise a funding strategy that incorporates more than one of these programs. The City looked at possible application to CDBG, but discussions with TSEP personnel indicated that due to the volume of projects previously funded through TSEP that need additional funding through CDBG, this project would probably not be competitive through CDBG at this time. Because of this, and due to the fact that the City is proposing a Head Start project, which is not eligible under TSEP, the City opted to apply to CDBG for the Head Start project. The City also spoke with RRGL and was advised that even though the project may be eligible it was not real competitive under the guidelines of the program. The City also inquired with RUS and was informed that due to the small size of the project it would probably receive a loan rather than a grant.

Although the City has determined that loans are not a viable option due to the income levels of the affected residents, interim construction financing may be required. As a contingency, the City has applied to INTERCAP to provide up to \$150,000 of interim construction financing, if necessary. The City has received a commitment from INTERCAP assuring the availability of interim financing if the project is funded by TSEP and BNSF. The project is on SRF's priority list in case the City needs to obtain a loan from SRF.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the storm drain system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project would not directly result in the creation or retention of long-term jobs, and it is unaware of any business expansion that is a direct result of this

project. The project would be a major factor with regard to possible expansion or maintenance of the tax-base. Property that is prone to flooding is not conducive to business or residential expansion or retention. The project also creates a partnership between the public and private sectors that allows for the resolution of common problems with common benefits.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that the project had been discussed by city officials and reported upon numerous times by the local paper over the past couple of years. A public hearing was held on March 19, 2002, to discuss the application to TSEP as well as other possible projects. At this meeting various projects including the Rosser Ditch were presented. On April 2, 2002, the City determined that the Rosser Ditch project would be the project submitted to TSEP. Another public hearing was held on April 16, 2002, to discuss the project and allow for additional public input. The project was discussed in detail on a local television talk show on April 14, 2002. Forty-nine letters of support were included in the application.

Project No. 19
Sheavers Creek/Lake County Water and Sewer District – Water System Improvements

This application received 3,560 points out of a possible 4,900 points and ranked 19th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature for phase two
RRGL	Grant	\$100,000	Awaiting the decision of the Legislature for phase two
RUS	Loan	\$39,000	Application submitted March 2002 for phase two
RUS	Loan	\$327,250	RUS has committed funds to the project for phase one
RUS	Grant	\$981,750	RUS has committed funds to the project for phase one
Project Total		\$1,948,000	

Median Household Income:	\$22,200	Total Population:	295
Percent Non-TSEP Matching Funds:	74%	Number of Households:	115

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$29.00	124%	Target Rate:	\$23.31	-
(No centralized wastewater system)			Rate With TSEP Assistance:	\$36.67	157%
			Rate Without TSEP Assistance:	\$56.79	244%

Project Summary

History – The District was formed in 2000 and acquired an existing private system known as the Redgate Water System. The spring was developed in 1905 and the well was drilled in 1975. The spring water source may be under the influence of surface water. There are frequent water restrictions and water outages. The system is below standard, and total replacement of the system is the only complete and long-term solution.

Problem - The District's water system has the following deficiencies:

- ☐ fluoride levels in excess of EPA's maximum contaminant level,
- ☐ spring possibly under the influence of surface water,
- ☐ spring flow varies from 10-35 gpm,
- ☐ uncontrolled access to area around the spring,
- ☐ unburied transmission line from the spring,
- ☐ storage tank with no cover open to the mechanical room and outside through vents,
- ☐ undersized distribution mains (¾" to 3"),
- ☐ leaking distribution lines,
- ☐ no water meters,
- ☐ few curb stops,
- ☐ inadequate storage facility,
- ☐ no fire service is available due to inadequate flows and pressures, and no fire hydrants,

- ☐ system pressure drops below 20 psi during maximum daily flow conditions, and
- ☐ no easements for repair.

Proposed Solution - The project is proposed to be completed in two phases, with phase one being funded by RUS and phase two being funded by TSEP and DNRC. In the first phase, two new wells would be drilled, approximately 19,000' of mains installed, and 118 services and meters installed. The second phase of the proposed project funded with TSEP funds would:

- ☐ drill one new well,
- ☐ construct a 140,000 gallon storage tank, and
- ☐ install 30 fire hydrants.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level five and received 1,000 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system have occurred or are considered to be imminent. These serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

Rationale: The MDOC review engineer noted that serious deficiencies exist with the District's water supply, storage, and distribution system that could affect the public's health and safety. The District's water supply is provided from two sources; a spring source which is likely to be classified as groundwater under the influence of surface water and a well source that has high levels of fluoride.

Violations for fluoride occurred in 1973 and 1993. The fluoride problem appears to be continual, because of naturally occurring fluoride in the groundwater. But because of dilution of the well water with the spring water the level of fluoride is below the MCL and exposure appears to be only occasional. However, the quantity of water the spring produces fluctuates, and the ability to dilute the well water is limited at times. If the spring water were not available, then high levels of fluoride would be present in the water supply. The District's spring has tested positive for coliforms on three separate occasions in the last three years. There are times when water pressure is so low that residents cannot take showers or satisfy basic needs. The entire District is also impacted by the system's inability to provide fire protection. The water distribution system and storage are grossly inadequate in providing fire flows. The serious health and safety problems resulting from these deficiencies are considered to be imminent if the District continues to rely on these water sources.

Statutory Priority #2: Reflects greater financial need.

The applicant received 540 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI)** ranked 29th out of the 55 applications.

- ❑ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 43 percent. **The relative concentration of persons living at or below the *LMI* level ranked 16th out of the 55 applications.**
- ❑ The percent of persons living at or below the *Poverty* level is 15.5 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 25th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 3rd quintile and received **540 points**. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. While the PER is generally complete, there were some potentially important issues that were not adequately addressed. However, it does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER is generally complete, but there were some potentially important issues that were not adequately addressed concerning the alternatives analysis. There was inadequate discussion regarding the proposal to drill three wells in an aquifer that does not appear to be unconfined, or abundant. There was no discussion of an alternative that would connect existing wells of known quantity and quality. The PER mentioned a number of times that good sources of groundwater are limited in and around the water District. Pooling of existing wells of known quantity and quality would ensure the District met its desired results.

There was no discussion of additional costs for fluoride treatment, if groundwater without fluoride cannot be found. The PER makes the assumption that water with low fluoride limits can be found. Supporting information for this assumption is not presented in the PER. Additional sampling of wells within or near the District would have been helpful to validate this assumption. The PER provides information on only one well that was sampled.

Mentioned, but not addressed in the PER, is planning or phasing for the impacts of chlorination to meet the future EPA groundwater rule. At this time, the exact statute of the rule is not known, but implementation of the rule will occur probably within the next five years. Location of the storage tank to address contact times needs to be considered.

One alternative not considered for the supply of the District's water is connecting to the Bigfork water system, which is located four miles to the north. This alternative could eliminate or significantly reduce capital and O&M costs currently experienced by the District.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the District was formed in 2000 because of the previous owner/operator's lack of commitment to capital improvements and planning. Users of the previously privately owned system recognized the need for such activities, acquired the system, formed a district, and are now dedicated to making system improvements. According to the PER, it appears that the existing system grew with demand, with no regard for what was necessary to operate a safe and efficient water system. The District immediately raised rates upon formation and started collecting delinquent accounts. All of the revenues have been expended for operations and repair, and as a result, there are no reserves.

The project would include the installation of new water meters. A well-head protection plan would be prepared for the new wells.

Improvements are a high priority for Lake County as documented by a letter from the county commissioners that states that the proposed project is a high priority under a recently adopted CIP.

MDOC review engineer noted that when the water system was privately owned there were a number of deficiencies noted at that time. However, since the District has taken over the system it has attempted to remedy those deficiencies, but has depleted reserves to address on-going O&M. In general, it appeared that the District's O&M practices were adequate.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level five and received 600 points out of a possible 600 points.

Conclusion: The applicant conclusively demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources. In addition, the applicant adequately documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward.

Rationale: The applicant has proposed a funding package consisting of TSEP, RRGL, and RUS grants in combination with a RUS loan and local reserves. The project is proposed to be completed in two phases, with phase one being funded by RUS and phase two being funded by TSEP and RRGL. The second phase would add the third well, fire hydrants and storage. An application was submitted to RUS and its staff has stated that the project would probably be funded. The District has an LMI of 43 percent and is not eligible for CDBG funds. In addition, since Lake County would have to be the applicant, and there are other projects within the County already requiring CDBG funding, CDBG funding is not a viable source. Even so, an income survey is being performed to determine if CDBG funds could be targeted to benefit specific residents of the District. Since no jobs are created or retained, the project is not eligible for EDA funds.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that no jobs or businesses would be impacted, however,

because of the current condition of the system, a market, cafe, and laundromat have a difficult time operating in accordance with health standards. A new water system would preserve the existing commercial tax base and encourage commercial growth.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that the District holds monthly public meetings. Board meeting minutes since the District formed were provided in the application. A newsletter was sent in April 2002 to inform the District's residents about a meeting on April 30th, at which time the TSEP application would be discussed. The applicant stated that those attending the meeting were informed about the project and costs, and that all users are aware of the possible \$30 monthly fee. However, there was no documentation in the application showing what was said at the April 30th meeting. Upon request, the District sent a copy of the minutes from the April 30th meeting and there is no mention of rates being discussed.

The MDOC reviewer calculated that the average monthly user rate would likely be closer to over \$36.00. The MDOC reviewer also noted that minutes from a meeting in July 2001 stated that residents attending the meeting were informed that the rates would average \$36.75.

There were letters of support from nine District residents. The applicant stated that the local citizens have constantly asked to have the problems corrected, and the creation of the District was with a nearly unanimous vote, a clear statement of support for the proposed project. Improvements are a high priority for Lake County as documented by a letter from the county commissioners that states that the proposed project is a high priority under a recently adopted CIP.

Project No. 20
Gallatin County – Bridge System Improvements

This application received 3,540 points out of a possible 4,900 points and ranked 20th out of 55 applications in the 2003 recommendations to the Legislature. The applicant's bridge levy is .04 percent of MHI, which is equal to the statewide median. **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature
Applicant	Cash	\$515,400	Committed
Project Total		\$1,015,400	

Median Household Income:	\$23,345	Total Population:	67,831
Percent Non-TSEP Matching Funds:	51%	Number of Households:	28,869

Project Summary

History - The County has identified three bridges that are in critical condition and in need of replacement:

- ☐ The Cameron Bridge was originally constructed in 1930, but was relocated to the West Gallatin River and re-configured in 1987. The bridge is now a 141' steel truss structure. The deck is constructed with 2" wood running boards placed over transverse 4" by 8" wood deck planks. The superstructure sits on concrete abutments with minimal scour protection. The relocated structure was an improvement over the original bridge at this location, but did not fully address all of the hydraulic deficiencies and lane restrictions.
- ☐ The Ice Pond Road Bridge was probably constructed in the early 1950s. It is an 18' simple span structure constructed of 3" by 12" untreated timber beams with a 4" by 10" transverse timber plank decking. The superstructure resides on six untreated wood pilings at each abutment.
- ☐ The Story Hill Road Bridge was constructed in 1954. It consists of a 21' simple span with 14 untreated timber beams with a 4" thick transverse timber plank decking. The superstructure sits on five untreated wood pilings. In 1981, a new wood deck was installed to replace the original deck that was damaged by flooding in that same year.

Problem – The County's three bridges have the following deficiencies:

- ☐ Cameron Bridge has a sufficiency rating of 46. Deficiencies include:
 - extensive deterioration of timber running surface,
 - inadequate bridge width,
 - scour at abutments,
 - substandard railing system,
 - restricted loading,
 - insufficient vertical clearance, and
 - substandard roadway geometry.
- ☐ Ice Pond Road Bridge has a sufficiency rating of 38, which was computed by the project engineer. Deficiencies include:
 - rotten and split abutment piling,
 - narrow bridge width,
 - abutment pile cap crushing and deterioration,

- substandard railing system,
 - restricted for load,
 - deteriorated timber beams, and
 - substandard waterway opening.
- ☐ Story Hill Road Bridge has a sufficiency rating of 27. Deficiencies include:
- rotten and split abutment piling,
 - narrow bridge width,
 - abutment pile cap crushing and deterioration,
 - substandard railing system,
 - restricted for load,
 - cracked and splits on timber girders, and
 - substandard waterway opening.

Proposed Solution - The proposed project would replace all three bridges with the following types of structures:

- ☐ Cameron Bridge: pre-stressed concrete girder or welded steel plate girder depending on the length of bridge required, and
- ☐ Ice Pond Road and Story Hill Road Bridges: pre-cast concrete culvert or pre-stressed concrete alternative depending on the length of bridge required.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge system are likely to occur in the long-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. These serious problems however have a high probability of occurrence after chronic exposure and a moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact.

Rationale: The MDOC review engineer noted that the Cameron Bridge has an NBI sufficiency rating of 46 and the lowest appraisal rating is a four; the Ice Pond Bridge has an NBI sufficiency rating of 38 and the lowest element condition rating is a three; and the Story Hill Road Bridge has an NBI sufficiency rating of 27 and the lowest appraisal rating is a four. The one level three bridge (Cameron) makes up 74 percent of the cost of the total project, while the two level four bridges (Ice Pond and Story Hill Road) make up 25.8 percent. After weighting each individual bridge project based on the score level and the percentage of total costs each represents, a level three was assigned to the total project.

Statutory Priority #2: Reflects greater financial need.

The applicant received 540 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ❑ **Median Household Income (MHI)** ranked 32nd out of the 55 applications.
- ❑ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 40 percent. **The relative concentration of persons living at or below the LMI level ranked 23rd out of the 55 applications.**
- ❑ The percent of persons living at or below the *Poverty* level is 17.1 percent. **The relative concentration of persons living at or below the Poverty level ranked 15th out of the 55 applications.**

Indicator #2. Financial Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.04%
Bridge levy as it relates to the state median of .04 percent	100%
Entire levy as a percent of MHI	6.50%
Entire levy as it relates to the state median of 2.78 percent	234%
2001 mill value as a percent of 1986 mill value	187%
2001 bridge mills as a percent of 1986 bridge mills	78%
Ratio of 2001 bridge levy to 1986 bridge levy	146%

The financial analysis was scored a level three because it appeared that the County has made reasonable, but moderate financial efforts to fund its bridge system compared to the other TSEP bridge applicants and relative to the County's size, population, and financial capacity. In 2001, the County's bridge levy as a percentage of the MHI was .04 percent, which is equal to the state median.

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that while the PER is generally complete, there were some minor issues that were not adequately addressed. The report did not contain USGS topographic quadrangle maps, USDA soil maps, and legal boundary maps. There was no documentation, such as a completed MDT sufficiency rating form, or the sufficiency rating calculations to justify the rating arrived at by the engineer. One concern is the lack of a load analysis for the bridge. Also missing was an adequate discussion for the sizing of the bridges. The PER noted in several places

that a detailed hydraulic analysis would be performed during final design, however, a quick calculation using Manning's Equation would have provided a higher comfort level towards the final size of the bridge. Though the PER discusses the need for bridge and roadway realignment, there is little discussion regarding the related road work and its costs.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the County completed 20 bridge projects since 1997. The County recently updated its bridge inventory, drafted county bridge standards, and drafted a bridge CIP. The County inventoried all 154 of its bridges under 20'. There are 24 bridges projects listed in the bridge CIP to be accomplished from 2002 through 2009. The County has estimated that it would cost \$4,765,000 to repair or replace these bridges. The proposed project is consistent with the bridge CIP.

On March 12, 2002 the County approved an update to its comprehensive, county-wide CIP. Several bicycle and pedestrian paths, and additional sidewalk, curb and gutter expansions, have been made possible with MDT Community Transportation Enhancement Program funds. The County is involved in constructing a \$4 million municipal solid waste composting facility with the West Yellowstone Hebgen Basin Solid Waste District. The County is also facilitating a number of neighborhood meetings to gather public comment on the County's growth policy and master planning documents. In addition, the County was awarded a grant in 2002 to perform a county-wide needs assessment to aid in the development of a community economic development strategy.

The deficiencies of the three bridges identified in this proposal are all primarily related to the age of the structures. Unprecedented growth has rapidly increased the traffic loads and structural strain on the bridges. The MDOC review engineer noted that it appears that the County's O&M practices related to its bridge system are good.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level five and received 600 points out of a possible 600 points.

Conclusion: The applicant conclusively demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources. In addition, the applicant adequately documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant in combination with local reserves. The matching funds will be allocated over a three-year period. The County stated that the project would not happen without TSEP participation.

The applicant stated that the sources of funding for bridge replacement are extremely limited, and that the vast majority of all bridge replacements in Montana are funded by bridge mills assessed through local property taxes. The County will be seeking assistance from the State Highway Bridge Replacement and Rehabilitation Program for the Axtel-Anceny Bridge. A county-wide levy seemed more appropriate than a rural improvement district because it is difficult to identify specific parties that would benefit from

the project. However, a general obligation bond could be difficult, since voters rejected the County's attempt to levy an additional 11 mills for public safety in 2001. Although funding is available through the U.S. Forest Service and Bureau of Land Management, these particular bridges do not qualify. The County's PILT payments and other sources available for bridge repair and construction are committed to other bridges or financial needs of the County.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the bridge system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the proposed project will allow continued access by local businesses, and will also permit additional property development, which increases jobs and contributes to the tax base. Due to the enormous growth in Gallatin Valley, any improvements that can be made that allow people to access homes and businesses more easily, and/or allow for the provision of emergency services to those places, will help. However, the applicant stated that the proposed project would not directly result in any business expansion.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level five and received 400 points out of a possible 400 points.

Conclusion: The applicant conclusively demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its estimated cost and the impact per household. In addition, the applicant provided documentation to show that the project is clearly a high local priority and strongly supported by the public.

Rationale: The applicant stated that the County took great efforts to solicit citizen participation in applying for funds for the proposed project. Public hearings were held in Three Forks and Bozeman on April 2 and 23, 2002. The public meetings were held in conjunction with regularly scheduled meetings of the county commission and were advertised in local newspapers. There were three articles from local newspapers discussing the bridge projects. The County sent over 60 letters or flyers informing the public of its intention to address these bridges. In addition, the County directly solicited comments from individual property owners in areas adjacent to the bridges identified for replacement by going door-to-door. Funding of the proposed project will not result in an increase in property taxes. There were letters of support included in the application from two state senators, the county planning director, six emergency response providers, nine businesses, and 22 residents. No objections have been expressed. A hearing notice, agenda, minutes, and a presentation from the first hearing were included in the application, but the only documentation of the second hearing was a hearing notice.

On March 12, 2002 the County approved an update to its comprehensive, county-wide CIP. In addition, the County was awarded a grant in 2002 to perform a county-wide needs assessment to aid in the development of a community economic development strategy.

Project No. 21 Gardiner-Park County Water District – Water System Improvements

This application received 3,528 points out of a possible 4,900 points and ranked 21st out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting the decision of the Legislature
RRGL	Grant	\$ 100,000	Awaiting the decision of the Legislature
STAG	Grant	\$ 664,500	Applied March, 2002, awaiting congressional approval
SRF	Loan	\$ 222,600	On the priority list, applied June, 2002
Applicant	Cash	\$ 24,700	Funds committed
Project Total		\$1,511,800	

Median Household Income:	\$25,923	Total Population:	750
Percent Non-TSEP Matching Funds:	67%	Number of Households:	280

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$30.42	-	Target Rate:	\$42.77	-
Existing Wastewater Rate:	\$14.06	-	Rate With TSEP Assistance:	\$50.67	118%
Existing Combined Rate:	\$44.48	104%	Rate Without TSEP Assistance:	\$56.91	133%

Project Summary

History – The District was created in 1947, and since that time, it has undergone numerous projects in an effort to provide safe drinking water.

Problem - The District's water system has the following deficiencies:

- ☐ arsenic contamination in excess of the EPA maximum contaminant level, and
- ☐ the water storage tank located in Yellowstone National Park does not maintain sufficient water during high demand periods.

Proposed Solution - The proposed project would:

- ☐ construct an arsenic treatment system , and
- ☐ install an additional 2,250' of 8" transmission pipe outside the booster station.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level five and received 1,000 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system have occurred or are considered to be imminent. These serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

Rationale: The MDOC review engineer noted that the applicant's water users are at an increased risk of acquiring various forms of cancer because of long-term exposure to arsenic. EPA's maximum contaminant level for arsenic has been lowered from 0.050 mg/l to 0.010 mg/l. Communities are required to comply with the new standard by 2006. The applicant's arsenic levels in Gardiner are 0.021 mg/l.

Also, undersized water mains prevent the District's distribution network from filling and maintaining sufficient water levels in one of the system's storage tanks during summer high-use periods. This presents a potentially dangerous situation because of deficient fire protection in the vicinity of the tank.

Statutory Priority #2: Reflects greater financial need.

The applicant received 288 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 1st quintile and received 180 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 42nd out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 28 percent. **The relative concentration of persons living at or below the LMI level ranked 47th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 8 percent. **The relative concentration of persons living at or below the Poverty level ranked 49th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant clearly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs

were well documented and justified. There were no issues of any significance that were not adequately addressed.

Rationale: The MDOC review engineer noted that problems with the water system were well defined and all reasonable alternatives were thoroughly evaluated in the PER. The preferred alternative appears to be technically sound. Costs of the various alternatives were well document and the preferred alternative the most economical.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that it developed a master plan for the water system in 1993. In 1999, the District hired an engineer to construct a computer model noting all the updates from 1995 through 1999. The District adopted a CIP for its water system in April of 2000, which includes the proposed project as the next highest priority.

In 1995, the District replaced the transmission main crossing the Yellowstone River. In 1997, the District built a small pipeline extension to serve high-elevation residences in the main zone with water from the higher Jardine zone. In 2002, the District replaced water mains and added new fire hydrants along Scott Street as well as connected the last few remaining businesses that were connected to a private water system. In 2001, the District hired an engineer to address the new proposed arsenic standard and sent its operator to a workshop on arsenic treatment at the national American Water Works Association convention. In 2002, the District met with Senator Max Baucus's office to provide data on arsenic and its treatment. In March of 2002, Senator Conrad Burns submitted the STAG grant application on behalf of the District.

The applicant stated that it has kept O&M budgets high, which includes yearly contributions to a depreciation fund. The problems are not of recent origin and are not due to lack of maintenance. The arsenic has always been present in the wells. The District has drilled test wells, and tested another area spring to find an alternate source, but arsenic levels have always been too high. The District investigated a water source at the Jardine Mine and secured 100 percent of the water rights to the spring in 2002, however, after monitoring that source since 1999, the flows have dropped steadily to where it could not be used to serve the District. The entire District is metered. The District has also begun work on its source water protection program.

The MDOC review engineer stated the O&M practices of the District have been good. There is no indication that the District has been notified of any system violations and it appears that adequate reserves exist.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: The applicant sufficiently demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP, RRGL and STAG grants in combination with an SRF loan and local reserves. The applicant stated that it is not eligible for

CDBG funding due to its low LMI. The District does not want the 40-year term loan that is associated with RUS and its MHI is too high to obtain an RUS grant. The applicant stated that if the District does not get the TSEP grant, it would not be able to use the STAG grant, even if that grant is tentatively awarded. A \$500,000 TSEP grant can leverage a \$610,000 portion of the STAG grant. Other than the District's funds and the DNRC grant, all other sources are federal and cannot be used as match for the STAG grant.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project would not directly result in the creation or retention of jobs, nor will it directly result in a business expansion, the project will enhance infrastructure, which is a prerequisite to attracting businesses, and therefore, increasing the tax base. The National Park Service (NPS) is breaking ground for a multi-million dollar Heritage Center. While the construction of the Heritage Center is not dependent upon the completion of the proposed project, the NPS is dependent on the District for water, as the ground and surface water in their growth area has been found to be high in arsenic. There are 450 hotel units in Gardiner and the applicant stated that over 500,000 visitors pass through Gardiner each year. The motels cannot just drill their own wells since the entire area's groundwater contains high levels of arsenic.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that a public hearing was held March 12, 2002, with approximately 15 people attending the hearing. Every member of the District was notified of the hearing by a letter sent out by the District two weeks before the hearing. The net cost per user was presented at the hearing. Affidavit of publications, minutes of the hearing, sign-in sheet, slide show, and newspaper articles were included in the application.

The District has adopted a CIP, and the arsenic removal project is the current high priority due to both health concerns and the fact that they are now in violation of a primary EPA maximum contaminant level. The application included letters of support from Senator Max Baucus, the local chamber of commerce, the Gardiner Lodging Association, and the DEQ.

Project No. 22**Phillips County Green Meadows Water and Sewer District – Water System Improvements**

This application received 3,516 points out of a possible 4,900 points and ranked 22nd out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$112,500.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$112,500	Awaiting the decision of the Legislature
RRGL	Grant	\$100,000	Awaiting the decision of the Legislature
SRF	Loan	\$ 42,900	On the priority list, will be submitted when needed
Project Total		\$255,400	

Median Household Income:	\$31,280	Total Population:	45
Percent Non-TSEP Matching Funds:	56%	Number of Households:	14

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$20.00	122%	Target Rate:	\$32.84	-
(No centralized wastewater system)			Rate With TSEP Assistance:	\$44.81	136%
			Rate Without TSEP Assistance:	\$93.77	286%

Project Summary

History – The District, created in July 2001, is a small rural subdivision located northwest of the City of Malta. The District's water system, constructed in the 1970s, consists of a 3" transmission main, wells, and storage tank, and does not lie on property owned by the District. Residents rely on individual on-site septic tanks and subsurface drain fields for the treatment of their wastewater. The District has a signed MOU with the City that will allow the District to connect to its water system.

Problem - The District's water system has the following deficiencies:

- ☐ inadequate number of gate valves,
- ☐ water is not treated,
- ☐ insufficient water supply,
- ☐ undersized water main, increasing the potential for backflow and contamination from outside sources,
- ☐ dead-end lines,
- ☐ undersized storage tank,
- ☐ severe lack of water pressure and flow (pressure drops to under 20 psi levels during low water demands, which is well under the minimum 35 psi normal working pressure required by DEQ), and
- ☐ lack of fire hydrants.

Proposed Solution - The proposed project would:

- ☐ abandon the existing water system,
- ☐ install and connect 8" looped distribution system to City of Malta's water main located south of the

- District, and
- ☐ install meters at service connections.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level five and received 1,000 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system have occurred or are considered to be imminent. These serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

Rationale: The MDOC review engineer noted that deficiencies in the water system for the District have occurred and will continue to occur without improvements being made. DEQ recommends a minimum emergency storage that will provide 24 hours of service. However, the District's existing storage tank will only provide water to the system for approximately four hours. The District cannot meet its basic wintertime domestic demands, and the water system provides grossly inadequate fire protection. This was demonstrated when a residence in the subdivision burned down in January of 2001.

Additionally, water that pooled in the basement of the destroyed structure could have easily caused contamination within the system through backflow, as a result of the lack of adequate valves. The regular loss of water pressure and/or the total loss of service prevents residents from taking showers, cleaning laundry, or washing dishes. The inability to perform routine cleaning particularly affects one resident of the development, a leukemia patient who is very vulnerable to even minor infections that can become life threatening. Though, no water samples have tested for unacceptable levels of contaminants to date, the water in the system receives no treatment, causing a very real threat of contamination due to the frequent occurrences of negative line pressure, and the dead ends that may lead to increased bacteria counts.

Statutory Priority #2: Reflects greater financial need.

The applicant received 396 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 1st quintile and received 180 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 52nd out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 17 percent. **The relative concentration of persons living at or below the LMI level ranked 52nd out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 4.4 percent. **The relative concentration of persons living at or below the Poverty level ranked 52nd out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are

assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant clearly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were no issues of any significance that were not adequately addressed.

Rationale: The MDOC review engineer noted that the PER provides all of the information required, and numerous alternatives to address the deficiencies were discussed in detail. Hydraulic models for each scenario were performed and included to provide a solid basis for comparison of the alternatives. The cost estimates were reasonable and well supported. The proposed solution is the only alternative that addresses every identified deficiency in the system.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that in 2000, the private system contacted MAP for assistance in determining the cause of the insufficient supply of water. MAP suggested increasing well production with well pumps or an additional well and looping the system. New pumps were installed and a new well was drilled, but pressure and supply did not improve. The District was created in 2001 so that public funds could be accessed. The City and the District have entered into a MOU to allow the District to connect to their water system; any future expansion beyond 16 dwelling units will require mutual agreement and approval of the City and the District. The City has full authority to require a waiver for annexation, which can become effective upon retirement of all proposed water project debt by the District. The City will conduct water testing and reporting for the District until the system is connected to the City. Upon retirement of proposed water project debt, the City will assume ownership and responsibility for maintenance and repair.

In April 2002, the District doubled its current user rate to \$40.00 per month in order to pay for the preparation of the PER. Both the Association and now the District have maintained the system and made repairs as needed, but reserves were limited. The new rate will allow additional reserves to be maintained. The District has participated in planning efforts and the water system improvements will be included in the City's CIP and is a priority in Phillip County's strategic plan.

The MDOC review engineer stated that the O&M practices of the District inadequate. The District just recently contracted with a certified operator from another community to perform water testing. The District is currently under an administrative order from DEQ. The District has not implemented regular rate increases to finance system maintenance or improvements in the past.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants, in combination with an SRF loan. The applicant stated that other funding sources were considered. The community is not eligible for CDBG funding because its LMI is lower than the 51 percent threshold required. RUS staff stated the community does not qualify for grant assistance.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level one and received 100 points out of a possible 500 points.

Conclusion: The applicant did not demonstrate that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement to an area that is residential only, and it does not appear to be necessary for providing any job opportunities or business development. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the proposed project would not result in the creation or retention of long-term, full-time jobs for Montanans or business expansion. The MDOC reviewer noted that the District is made up of only residential properties. The District and the City have a MOU stating that the District will sign a waiver to allow the City to annex their property. Upon annexation to the City, the tax base of the City would be increased.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project. This statutory priority was not scored higher because it was strongly, but not conclusively, demonstrated that the project is a high priority and has strong community support.

Rationale: The applicant stated that local media has provided public service announcements of all meetings and coverage that included project updates. The proposed project was cited as a priority at a public meeting held on January 17, 2002 to obtain comments on community development needs and priorities. On January 28, 2002, another meeting was held to review the options for improving the water system and the available funding packages. A hearing was conducted on March 12, 2002 to consider a new rate structure and the increase in monthly rates from \$20.00 to \$40.00. A letter sent to residents included an update on the project and the proposed funding application. The last meeting was held on April 23, 2002 to review and consider application submittals.

The applicant stated that because of minimal attendance at meetings, residents and property owners signed a joint letter of support. However, the MDOC reviewer could not find a copy of this letter in the application. Copies of news articles relating to the water system and project, notices of meetings, affidavits of publication, the letter sent to residents, a summary of the financing alternatives, and minutes

from the January 28 and April 23, 2002 meetings were included in the application.

The proposed project is listed as a priority in Phillip County's strategic plan. Although the District does not have a CIP, the City's CIP addresses the District's needs.

Project No. 23
Town of Geraldine – Water System Improvements

This application received 3,420 points out of a possible 4,900 points and ranked 23rd out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature
RRGL	Grant	\$100,000	Awaiting the decision of the Legislature
CDBG	Grant	\$500,000	Application to be submitted in January 2003
RUS	Loan	\$135,660	No application has been submitted
Project Total		\$1,235,660	

Median Household Income:	\$19,732	Total Population:	359
Percent Non-TSEP Matching Funds:	60%	Number of Households:	159

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$30.31	-	Target Rate:	\$32.56	-
Existing Wastewater Rate:	\$15.84	-	Rate With TSEP Assistance:	\$51.73	159%
Existing Combined Rate:	\$46.15	142%	Rate Without TSEP Assistance:	\$63.81	196%

Project Summary

History - Water is presently obtained from two natural springs located on the east slope of Square Butte, and is gravity-piped approximately 9.5 miles into the Town of Geraldine. The spring source and transmission main were constructed in 1985. The Town supplements their spring water supply with two groundwater wells located in town. The system provides water to the Town of Geraldine, Hawarden Users Association, North Geraldine Water Users Association, and individuals located along the transmission piping. The system also includes a 100,000-gallon water storage structure. The distribution system is primarily 2" to 8" asbestos cement pipe. The Town is in the process of installing water meters and a telemetry system, and relocating and replacing the chlorination system.

Problem - The Town's water system has the following deficiencies:

- ☐ insufficient supply and storage,
- ☐ undersized piping, and
- ☐ well has objectionable taste, odor, excessive mineral concentrations including fluoride, and violates EPA's primary and secondary drinking water regulations.

Proposed Solution - The proposed project would:

- ☐ construct a 200,000-gallon storage tank,
- ☐ replace undersized 2" mains, and
- ☐ drill a new well.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The Applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that fluoride levels in the primary well exceed and are in violation of a primary health standard. The level of fluoride in this well is a long-term serious public health concern, which has been shown to result in mottling of teeth. The PER does not report that this has occurred in any residents of Geraldine, but long-term exposure could cause this to happen. While fluoride related problems are typically scored at a level five, the Town was scored lower because it is not continuously exposed to acute levels of fluoride.

In addition, the total dissolved solids and iron exceeds the levels allowed by the secondary health standards, and sulfate and hardness are approaching the maximum levels under the secondary health standards. Although high levels of TDS, sulfate, hardness, and iron do not present a serious public health concern, they do present a serious taste and odor problem. The proposed project would allow blending of water to reduce the primary and secondary health concerns related to the well water.

A fire at a grain elevator depleted the Town's storage in 30 minutes in 2001. It is not clear in the PER how much storage was available at the time of the fire, but public safety and property was at risk when the storage tank went dry. Inadequate storage for fire flows is a long-term public safety concern. The Town's inability to meet maximum day demands violates a DEQ design standard, and not having water available to fight fires or meet maximum day demands puts the residents of Geraldine at an unnecessary risk. Loss of property by fire could be devastating for a community of this size.

Statutory Priority #2: Reflects greater financial need.

The applicant received 540 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 14th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 42 percent. **The relative concentration of persons living at or below the LMI level ranked 20th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 12.0 percent. **The relative concentration of persons living at or below the Poverty level ranked 35th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are

assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The preliminary engineering report is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER provided all the information as required with only a few minor issues not completely addressed. The application stated that a new chlorination system is going to be installed in 2002 to chlorinate the spring source, but how it was to be connected to the well sources was not adequately described. The proposed location for the chlorination system does not appear to address chlorination needs for the 20-year planning period as it relates to the existing well source or the proposed well source. The chlorination of the groundwater sources will be an issue that the Town will need to address soon, but to what extent is not known at this time.

The technical design for the sizing of the storage tank appears to be overly conservative. The source of information that was used to size the storage tank based on fire flow demand, maximum day demand, and emergency storage equal to three days of average use, was not identified. Furthermore, no justification, such as frequent power outages or minimizing of pump run times, was provided to justify the sizing of the storage tank. Based on the criteria of the American Water Works Association, the total storage capacity needed by Geraldine would be 178,000 gallons, in contrast to the 300,000 gallons recommended in the PER. The water quality of the proposed storage reserve could cause public health issues, since water in the tank could stagnate. The Town is in need of additional storage, but in excess of 178,000 gallons would cause concern over future water quality and ability of the system to recover in a minimal amount of time, as well as a concern with cost effectiveness for a community of this size.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the Town prepared its first CIP in 1998. The comprehensive CIP contained activities that would be undertaken by the Town, Swimming Pool Committee, Geraldine Action Committee, and Geraldine School District. The CIP has been updated yearly, with additions including an elderly retirement center, emergency numbering system, the EQIP Program (encourages farming practices or alternative crops that will lower the water table), and airport improvements. Geraldine has a high water table and high concentration of salinity within the water, so the applicant stated the Town submitted an application to the EQIP Program for funding. An effort has been made by the Town to include all community projects and has included all of the improvements noted in the water facility plan into the revision of the CIP in 2001. The most recent update to the CIP was discussed at the April 22, 2002 meeting. Water system improvements remain the highest priority.

The applicant stated the Town has taken positive steps in the past two years to address problems identified in the original facility plan, including leakage, water accounting and conservation, source water

protection, water system controls, and water supply. A leak survey review was conducted on August 10, 2000 by Utilities Service Association to provide information on leaks in the system. One mainline valve was repaired due to leakage. In July 2001, the Town completed installation of additional spring water collection in the existing spring complex. The addition has boosted the spring output from approximately 35 to 40 gpm to between 55 and 60 gpm. The Bureau of Reclamation reconditioned well #4 in February of 2002. Source water protection measures were implemented during the summer of 2001, and the source water protection plan covering the utilized spring and well water sources was approved by DEQ on March 20, 2002.

The Town has inventoried all service locations and curb stops and the operator has inventoried all mainline valves and fire hydrants. Inoperable curb stops are being replaced and services that do not have curb stops will have new curb stops installed under the current water project. Fire hydrants are being repaired on a case-by-case basis to stop seeping foot valves.

The Town has completed the first phase of a wastewater project, which included the construction of a new treatment facility. The project was to be completed in May 2002. The Town is currently installing water meters and installing a telemetry system as part of first phase of the water system improvements. It is anticipated that the meters will be installed by October 2002. However, there will be eight unmetered non-profit taps. They include the Town shop, senior center, fire hall and churches. When the pumping cost of the well escalated, the Town implemented a \$5.00 per month rate increase to cover the additional electrical costs. The Town implemented a second rate increase in April 2002 for the first phase of the water system improvements. The revised rate was converted to a usage-based system. The new rate will be effective thirty days after the completion of the water meter installation project.

The Town implemented water restrictions on water users in the summers of 2000 and 2001 and is anticipating doing so in 2002.

The MDOC review engineer stated that the Town's O&M practices have been adequate and current water system revenues exceed costs. In 2000, DEQ issued a health advisory for the town because it did not have a certified operator and because a water sample indicated the presence of coliform bacteria.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: The applicant sufficiently demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP, CDBG, and RRGL grants in combination with an RUS loan. The applicant stated that RUS was selected over SRF funding because it enables the debt to be spread over a longer period, thus lessening the financial burden on system users. The applicant stated that the project could not proceed without TSEP or RRGL funding, but could apply for a subsequent loan and possible 45 percent grant through RUS if CDBG funds were not secured. However, even with the possible RUS grant, the additional debt incurred would raise monthly user rates by an additional \$7.41.

When scoring the project, the TSEP ranking team was informed by RRGL staff that the Town was below the funding line; therefore, the funding package appears to have become less viable.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated the proposed project will not result in the creation or retention of long-term jobs and will not directly result in any business expansion. However, with the construction of the wastewater treatment facility, local businesses have benefited from having construction jobs in town. Several businesses were in jeopardy of closing prior to the construction project. Letters from the Geraldine Co-operative Association and Joyce Fuel & Feeds expressed appreciation for the extra income generated from the job.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that in 1997, the Town conducted a needs and income survey. Based on the survey results, the Town adopted its first CIP in 1998 and has updated it yearly. The water situation is the top priority for the Town and has been since the summer of 1999, when the storage tank was consistently at very low levels and unable to supply adequate fire flows.

Twelve people, four of whom were local officials, attended a public hearing on April 22, 2002, to discuss the proposed TSEP application, its user cost implications and the CIP. Two hearings were also conducted on March 7 and March 14, 2000 on the water facility plan and first phase of the water system improvements. In March 2000, members of the Hawarden Users Association, North Geraldine Water Users Association, and individuals located along the transmission piping met with town officials to discuss unaccounted water loss. Copies of the news articles, meeting announcements, handout, and meeting minutes were included in the application.

The applicant stated that several residents commented that the Town's water loss incurred while filling the storage tank. The manual control to fill the tank is inefficient and allows flow out of the elevated tank overflow piping. In addition, there continues to be a problem with enforcing the water restrictions, which leads to overall frustration by the residents. However, the residents of Geraldine have been supportive of the efforts to correct the water situation. The application included three letters of support for the project, two from business operators and one from a county commissioner.

Project No. 24
Missoula County – Wastewater System Improvements

This application received 3,408 points out of a possible 4,900 points and ranked 24th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$499,335.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 499,335	Awaiting the decision of the Legislature
RRGL	Grant	\$ 100,000	Awaiting the decision of the Legislature
RSID	Loan	\$1,248,195	Funds committed, pending creation of RSID
Applicant	Cash	\$ 257,625	Funds committed
Project Total		\$2,105,155	

Median Household Income:	\$29,207	Total Population in the Project Area:	1,720
Percent Non-TSEP Matching Funds:	76%	Number of Households in the Project Area:	715

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
(No existing centralized services)			Target Rate:	\$17.52	-
			Rate With TSEP Assistance:	\$26.61	152%
			Rate Without TSEP Assistance:	\$32.50	186%

Project Summary

History – The area served by the proposed project lies directly west of Reserve Street, generally following Mullan Road, and just north of the Clark Fork and Bitterroot Rivers. The eastern boundary is immediately adjacent to the Missoula City limits. There are four “sub-districts” within the proposed project - El Mar Estates/New Meadows, Golden West, Mullan Trail, and Country Crest. The area is served by wells. El Mar, Golden West and Mullan Trail have their own subdivision wastewater collection and treatment systems. Country Crest consists of on-site septic systems only. The Missoula Valley aquifer is designated as the only sole-source aquifer in federal region VIII. The aquifer is Missoula's only source of drinking water, and is vulnerable to contamination.

The County, with financial assistance from the City, will install the “backbone” sewer trunk line through the Mullan Road Corridor area starting in 2002. Once the backbone is complete, the four sub-districts will be hooked into the backbone, allowing wastewater to flow to the City of Missoula's wastewater treatment plant.

Problem - The wastewater systems in the Mullan Road Corridor have the following deficiencies:

- ☐ El Mar Estates system has the following deficiencies:
 - inadequate aeration,
 - poor condition of blower motors,
 - leakage of treatment and storage facilities, and

- inadequate treatment of effluent.
- ☐ Golden West system has the following deficiencies:
 - blockages from solid influent,
 - leaking storage facilities,
 - no storage of effluent, and
 - failure of pumps and blowers.
- ☐ Mullan Trail has the following deficiencies:
 - aging septic tanks, pumping systems and one drainfield, and
 - problems with flooding.
- ☐ Country Crest has a history of drainfields failing.

Proposed Solution - The proposed project would:

- ☐ inspect and repair existing gravity mains and existing collection lines, and
- ☐ install gravity mains and collection lines to connect the sub-districts to the sewer trunk line.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that a serious deficiency with a basic public infrastructure was clearly documented in the case of the El Mar and Golden West wastewater treatment systems. Letters and reports document the floodplain problem at the Mullan Trails subdivision, and therefore, periodic shut down of one of the septic systems due to high groundwater is likely in the future. Soils in much of the Mullan Road Corridor appear to be tight and are therefore a poor choice for on-site septic systems. Studies suggest that the area is vulnerable to nitrate contamination. The proposed project will eliminate all of the deficiencies and will allow El Mar homeowners to satisfy state and federal health standards. Elimination of wastewater discharges to the groundwater will help protect the area's sole source aquifer and will assist in meeting nutrient removal goals. Serious consequences attributable to these deficiencies such as environmental pollution and illness are likely to occur in the near term if these deficiencies are not corrected.

Statutory Priority #2: Reflects greater financial need.

The applicant received 468 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 47th out of the 55 applications.**

- ❑ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 28 percent. **The relative concentration of persons living at or below the LMI level ranked 47th out of the 55 applications.**
- ❑ The percent of persons living at or below the *Poverty* level is 11.3 percent. **The relative concentration of persons living at or below the Poverty level ranked 39th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 3rd quintile and received **540 points**. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that there were only minor issues that were not adequately addressed. Operation and maintenance costs, capital costs, and infiltration and inflow should have been discussed in more detail. A complete PER was not prepared for the Mullan Trail and Country Crest subdivisions, but the analysis presented for these systems appears to be reasonably complete and represent an appropriate solution.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that in the 1980s, the City of Missoula made numerous improvements to its wastewater collection and treatment system. In 1992, the City and County created the Missoula Valley Water Quality District (MVWQD) for the purpose of protecting, preserving and improving the quality of water, groundwater and surface water in the Missoula Valley. They also signed an interlocal agreement relative to the cooperation of both parties in the management and administration of the MVWQD. Their goal is to continue to protect the Clark Fork River and the Missoula Valley Aquifer, as well as to accommodate growth. In 1998, the County, along with other major dischargers to the Clark Fork River, signed on to the Voluntary Nutrient Reduction Program, which is an agreement to limit biological nutrients that can severely impact the healthiness of the river.

The City has a wastewater facilities plan that was originally completed in June of 1984 and updated in 2000. The current plan concluded that a high priority for the City should be connecting unsewered City and adjacent County properties to the City's system. The City has also adopted a wastewater collection system master plan that maps the existing sewer lines, direction of flow and collection sites for each line. In March of 1996, an evaluation of unsewered areas in the Missoula area

was completed and Mullan Road ranked number seven of eight for impact of water quality and public health risks. Two of the other seven areas, East Reserve Street and East Missoula have active wastewater projects, the Rattlesnake Valley area submitted an application to TSEP via the City of Missoula, and the other four areas, West Reserve, West Riverside, Lolo and Westview Park, are in the planning stage. The applicant has formed a growth management planning group to address planning for growth. This group is comprised of city and county staff, elected officials and concerned citizens. Its goals are to protect critical land and natural resources and to enhance human resources.

City sewer rates were increased in 1995 and additional rate increases are under consideration now. It is expected that these new increases will be implemented by the time the sub-districts are hooked to the sewer system. The applicant stated that it has a CIP, but it is not used for this type of project.

The MDOC review engineer stated that the O&M practices of the El Mar and Golden West sub-districts have been average. The County has taken a more active role in the O&M of both sub-districts in recent years. Nothing is known about the O&M practices of the Mullan Trail sub-district.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level five and received 600 points out of a possible 600 points.

Conclusion: The applicant conclusively demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources. In addition, the applicant adequately documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with a RSID loan through SRF and local reserves. The applicant stated that it also considered CDBG and STAG funding, but it has not drawn down its CDBG funds for the East Missoula sewer project, and is therefore ineligible at this time to apply for additional CDBG funds. The applicant stated that it is also pursuing additional funding through a STAG grant, and has been in contact with Montana's congressional delegation regarding this project. Because neither the availability nor the amount of such funding is assured, the applicant did not include it in the funding strategy.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level one and received 100 points out of a possible 500 points.

Conclusion: The applicant did not demonstrate that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement to an area that is residential only, and it does not appear to be necessary for providing any job opportunities or business development. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project will not directly result in the creation or retention of jobs, nor will it directly result in a business expansion. The MDOC reviewer noted that the project area only serves residential properties.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project is a high priority and has community support. The applicant documented that it held at least one public hearing or meeting, and has sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household.

Rationale: The applicant stated that during April and May of 2001, it held a neighborhood meeting with each of the sub-districts relative to providing sewer services to the Mullan Road Corridor. Public hearings were held November 21, 2001 and March 12, 2002. On March 13, 2002, the commissioners adopted a resolution of intention to create an RSID at their regular public meeting. On April 3, 2002, the commissioners certified the protests received as insufficient and created the RSID. In addition, the County mailed informational literature to all property owners in the area, and posted information on its website. The major concern throughout the planning process for the project was the cost. An investment of \$1 million by the City in the backbone reduced the costs and the protests from existing households.

Five letters of support were in the application, including one each from three of the four sub-districts. The application included nine sets of minutes, five sign-in sheets, one affidavit of publication relative to the formation of the RSID and one newspaper article. The applicant stated that it held over thirteen neighborhood meetings relative to this project. Power Point presentations were given at each meeting that addressed projected monthly sewer rates, however, the MDOC reviewer noted that this documentation was not included in the application.

The applicant does have a CIP, however it does not use it to address district's projects such as this. Extensive planning for wastewater facilities has been done through wastewater planning documents for each of the sub-districts.

Project No. 25
Ramsay County Water and Sewer District – Water System Improvements

This application received 3,388 points out of a possible 4,900 points and ranked 25th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$255,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$255,000	Awaiting the decision of the Legislature
RRGL	Grant	\$100,000	Awaiting the decision of the Legislature
RUS	Loan	\$164,000	Application submitted
Project Total		\$519,000	

Median Household Income:	\$45,455	Total Population:	108
Percent Non-TSEP Matching Funds:	51%	Number of Households:	34

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$26.00	-	Target Rate:	\$75.00	-
Existing Wastewater Rate:	\$16.50	-	Rate With TSEP Assistance:	\$75.77	101%
Existing Combined Rate:	\$42.50	57%	Rate Without TSEP Assistance:	\$115.59	154%

Project Summary

History – The District's water system was constructed prior to 1920, transferred to the Ramsay Association in 1948, which organized as a county water and sewer district in 2000. No major improvements have been completed since the 1950s. A portion of the 6" asbestos cement transmission main was replaced when Interstate 90 was constructed. Since that time, work on the system has consisted of maintenance on the water tank and the replacement of two fire hydrants.

Problem - The water system has the following deficiencies:

- ☐ wells are located in close proximity to a potential source of pollution,
- ☐ no wellhead protection plan exists, because wells are located on property that is not owned by the District,
- ☐ low water pressure,
- ☐ lack of continuous disinfection,
- ☐ no water meters,
- ☐ inadequate water storage, and
- ☐ inoperable valves and hydrants.

Proposed Solution - The proposed project would:

- ☐ replace undersized mains with 2,450' of 8" pipe,
- ☐ install five new hydrants and valves,
- ☐ drill two new groundwater wells on property owned by the District and away from the contaminated area, and

- ☐ install 35 meters, one at each service connection.

Note: The proposed solution does not propose to resolve the problems related to storage. Therefore, that deficiency was not taken into consideration in the scoring of Statutory Priority #1.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that even though the water system can meet basic wintertime domestic demands, fire flows are inadequate and, therefore, its ability to provide fire protection is grossly inadequate and a serious potential safety risk.

The existing wells are located within an abandoned DuPont industrial site, and are in the proximity of a potential source of contamination. Since the District does not own the property where the wells are located, it is unable to implement a wellhead protection program.

When the wells are pumping at their maximum to meet peak day demands, some of the flow bypasses the disinfection injection point and receives no disinfection. Furthermore, the distribution system is in excess of 80 years old and the valves and fire hydrants are inoperable, which does not allow maintenance activities such as flushing of mains, or isolation of mains for repair.

Statutory Priority #2: Reflects greater financial need.

The applicant received 288 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 1st quintile and received 180 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI)** ranked 55th out of the 55 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 6 percent. **The relative concentration of persons living at or below the LMI level ranked 55th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is zero percent. **The relative concentration of persons living at or below the Poverty level ranked 55th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant clearly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were no issues of any significance that were not adequately addressed.

Rationale: The MDOC review engineer noted that the PER provided all of the information required. The proposed improvements address all of the problems identified in the PER with the exception of the storage deficiency; however, the applicant has proposed to complete the project in two phases with the most pressing needs being resolved first. The first phase will correct the deficiencies with the distribution system and the wells. The second phase will include the storage improvements and will be initiated in 5 to 10 years. The proposed improvements provide a reasonable, cost-effective and long-term solution to the deficiencies selected to be resolved.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that no history is available to analyze the Districts' past efforts. The former water association was aware that the system was in need of major improvements, but did not have the financial capability to complete the improvements without assistance, because of the limited user base over which to spread costs. The water association, as a private organization, was not eligible to apply for funding assistance from the various state and federal funding programs. In order to become eligible for the various funding programs, the community needed to form as a county water and sewer district. Prior to the creation of the District, the Midwest Assistance Program surveyed the system in 1999, and Montana Rural Water Systems helped the community complete steps necessary to get the District formed the following year. The applicant stated that the District has taken a proactive approach to improving its infrastructure since the District's inception.

The District raised the water and sewer rates in 2001 from \$20.00 to \$42.50 per month. Although the reserve fund is adequate to make reasonable repairs, due to the limited time the District has been in existence, funds are not available for replacement of major system components. The proposed budget includes \$5,600 for a reserve fund.

While completing the PER for the water system, the District also completed a television inspection of the sanitary sewer collection system to ascertain the condition of the mains and identify any other needs. The District wanted to have adequate information about both the water and sewer systems so they could determine how best to meet the needs of the community and manage the cost per user. The inspection of the sewer collection system indicated no major improvements were needed.

The proposed project includes the installation of master meters on the water wells and also individual service meters, in order to monitor water production versus water use, so as to determine whether there are leaks in the distribution system. The meters will also allow the District to implement an equitable water user fee system based on the amount of water used. The District will also adopt and implement a wellhead protection plan as part of the proposed project.

The MDOC review engineer stated that the O&M practices of the District appear to have been adequate; however, it appears that the District has not invested a lot in capital improvements. The

MDOC reviewer noted that DEQ stated that "the system appears to be conscientiously operated and in relatively good shape, despite its age."

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with an RUS loan. The applicant stated that the District qualifies for Natural Resource Damages (NRD) funding available through Atlantic Richfield Company. The funding comes from a settlement for environmental damage to resources in the basin. However, the next application cycle is in the March 2003, and the decision would not be made until December 2003, which, according to the applicant, is not soon enough to help fund the proposed project. The RUS loan option was selected over the SRF loan option, because the RUS loan conditions result in the best user rate for the District water users. The District does not qualify for a CDBG grant because of its low LMI percentage level. The District does not qualify for an RUS grant due to the high-income level of the community.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the community has denied water service to three residences on the east side of the District due to a lack of system capacity. This lack of capacity stifles both residential and business growth. Completing the proposed project will provide the opportunity for new entities to move into the community, which will increase the tax base, as well as add to the number of users that will contribute to the system revenues.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level five and received 400 points out of a possible 400 points.

Conclusion: The applicant conclusively demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its estimated cost and the impact per household. In addition, the applicant provided documentation to show that the project is clearly a high local priority and strongly supported by the public.

Rationale: The applicant stated that a newspaper reported 77 percent of the eligible voters signed a petition to become a district. The applicant stated that the District has gone to great lengths to keep residents informed by holding meetings, going door-to-door with meeting notices, encouraging

newspaper coverage, sending out newsletters to residents and verbally getting the word out into the community; however, the MDOC reviewer could not find copies of the newsletters in the application. Nineteen residents attended a public hearing on March 19, 2002. A detailed presentation of user costs and project alternatives was provided at the hearing. A copy of the sign-in sheet, minutes, and a handout were included in the application.

The applicant stated that the project has received good public support. The application included 17 letters of support for the project from local residents (46 percent of the residents effected) and six other letters from: a Butte-Silver Bow commissioner, Butte-Silver Bow Health Department, Montana Rural Water Services, Butte-Silver Bow fire marshal, County Water and Sewer District of Rocker, and from the principal of Ramsey School.

Project No. 26
Cooke City-Park County Water District – Water System Improvements

This application received 3,380 points out of a possible 4,900 points and ranked 26th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting the decision of the Legislature
RRGL	Grant	\$ 100,000	Awaiting the decision of the Legislature
RUS	Loan	\$ 782,000	Applied for funding
Project Total		\$1,382,000	

Median Household Income:	\$30,800	Total Population:	112
Percent Non-TSEP Matching Funds:	64%	Number of Households:	100

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$11.60	36%	Target Rate:	\$32.34	-
(No centralized wastewater system)			Rate With TSEP Assistance:	\$40.59	126%
			Rate Without TSEP Assistance:	\$55.64	172%

Project Summary

History – Cooke City's water system was originally constructed by the Cooke City Water Users Association in the 1950s. The District was created in 1967, and has suffered serious deficiencies since at least the late 1970s and early '80s. The most serious problem is a critical lack of water during the winter. Untreated creek water from a surface water diversion has often been used to supplement flows, creating a serious health risk. The DEQ has issued boil orders several times during the past 20 years. The District self-imposed a boil order on February 2, 2002. The distribution system was originally constructed using asbestos/cement pipe buried 3' to 4' deep. Extensions were added between the 60s and 80s, with the later additions using PVC pipe. The system originally relied on water flowing by gravity from a spring to a 10,000-gallon storage tank. Water flowed by gravity from the tank to the distribution system. In 1987, improvements were made to the water system by supplementing the water supply with the Soda Butte Spring and constructing a 30,000-gallon buried storage tank and a new 6" PVC transmission main. Shortly after its completion, the Yellowstone National Park (YNP) wildfires damaged the old spring collection system as well as the transmission line from the spring. Consequently, the collection system was abandoned. The current water source experiences a drop in water flow during the winter. The system has two steel tanks that provide a total of 40,000 gallons of storage. A 6" transmission line delivers water from the tanks to the distribution system. The existing spring does not supply adequate flow and the community has periodically supplemented its water supply with untreated surface water, resulting in DEQ issuing boil orders. In 1993, the Department of Interior and the State of Montana signed a water compact that reserves 95 percent of Soda Butte Creek flows for YNP in order to protect hydrothermal resources in the Park. The compact gives the National Park Service (NPS) the right to object to any future groundwater

withdrawals.

Problem - The District's water system has the following deficiencies:

- ☐ the spring is classified as groundwater directly under the influence of surface water,
- ☐ shallow mains tend to freeze,
- ☐ bleeder valves designed to prevent freezing are wasteful of water,
- ☐ inadequate water supply volume which cannot meet base level demand,
- ☐ surface water is diverted into the system to meet demand, requiring a boil order to insure that the water is safe for consumption,
- ☐ leaks in the distribution system, and
- ☐ lack of adequate storage and fire flow.

Proposed Solution - The proposed project would:

- ☐ replace approximately 7,000' of older water mains and loop dead-end lines,
- ☐ construct a new 223,000-gallon buried steel water tank,
- ☐ drill three new wells, and
- ☐ install water meters.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level five and received 1,000 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system have occurred or are considered to be imminent. These serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

Rationale: The MDOC review engineer noted that the lack of adequate water supply of acceptable quality was well documented. The DEQ has indicated that the water supply is groundwater directly under the influence of surface water. The system runs out of water in the wintertime and surface water is diverted into the distribution system to make-up for the shortfall. When this occurs, the DEQ has required the District to issue a boil order to insure that the water supplies meet bacteriological standards. The existing system is undersized and cannot provide adequate fire flows to protect local residences and business. The community is under a State directive to make the improvements.

Statutory Priority #2: Reflects greater financial need.

The applicant received 360 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI)** ranked 51st out of the 55 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 36 percent. **The relative concentration of persons living at or below the LMI level ranked 36th out of the 55 applications.**

- ❑ The percent of persons living at or below the *Poverty* level is 10 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 44th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER was a good engineering report with only a few minor deficiencies. Service lines, often replaced when new distribution mains are being replaced, were not adequately discussed in detail. The present worth cost comparison had a minor error, but the outcome was not changed after resolving the mistake. The question of water rights was not fully addressed in the document. Subsequent information provided by the applicant indicated that obtaining water rights for the new groundwater wells should not be a significant issue, however, this information was not used in scoring this priority, because it was new.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level two and received 280 points out of a possible 700 points.

Conclusion: The applicant inadequately demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that with the aid of the Crown Butte Mine, the community started to plan for growth by establishing a local planning and zoning district. In 1993, the community began working with the County to write a comprehensive plan that was adopted in 1997. In 1997, the community voted to establish a zoning district and approved a local zoning ordinance. The District does not have a CIP. As part of the project, the District has elected to install water meters on individual service connections. Additionally, the District would adopt and implement a wellhead protection plan to protect the integrity of the water supply.

Late in the 1990s, the U.S. government purchased the Crown Butte properties and removed surrounding federal land from mineral development to protect YNP. In 1993, the Legislature approved a water compact that allocated 95 percent of Soda Butte Creek flows to YNP in order to protect hydrothermal resources. This action effectively closed the basin to future allocations since existing allocations already exceeded the remaining five percent. The NPS was given the authority to object to any new applications for water rights received by the DNRC. The applicant stated that it attempted to alleviate its water shortage by drilling a well to supplement the spring. Its application to DNRC for new water rights was blocked by the NPS, who made it clear that the community must address all deficiencies in the existing water system before applying for additional water rights. The applicant stated

that the proposed project acknowledges the NPS's concerns. In 1987, the District developed a second spring called the new Soda Butte source, to supplement flows from the existing spring, constructed a 30,000-gallon storage tank, and installed a 6" transmission main to connect the tank and spring to the existing system. The YNP wildfires of 1988 burned through the area surrounding the District's old spring. The spring collection system and the distribution system were badly damaged and flows from the springs were reduced substantially. The District had to switch entirely to the new Soda Butte, however the new spring was not designed to supply all the community's needs and did not produce enough water during the winter to meet the community's needs.

The MDOC review engineer stated that the O&M practices of the District are inadequate. The system is in poor condition and current rates are low. It appears that the system has deteriorated to the point that a crisis has occurred, resulting in a public health hazard and compliance mandates issued by DEQ. DEQ staff indicated that the District was told to disconnect the old spring system, yet noted that the spring had been reconnected during the next inspection.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with a RUS loan. The applicant stated that it also evaluated CDBG and SRF as potential funding sources. An income survey was completed that identified 36 percent of the population as LMI, making the District ineligible for a CDBG grant. The 20-year term for an SRF loan drove the user rate up to an unacceptable level. The applicant stated that it does not qualify for an RUS grant because of its high MHI.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level three and received 300 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities, and cited various businesses that would benefit by the proposed improvements. However, the applicant did not reasonably demonstrate that the proposed project would directly result in the expansion of a specific business, or the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements should maintain and possibly add to the tax base if any business expansion occurs.

Rationale: The applicant stated that motels fill-up during the winter months, and restaurants and taverns do a brisk business. However, the shortage of water impacts the ability of local businesses to serve these visitors. Developers and homebuilders must have a minimum of four building lots to satisfy the space requirements of on-site septic tank and drain field restrictions. Two motels that recently announced plans to build in Cooke City have put their plans on hold until there is an adequate water supply available. With this project, the NPS would allow the community to acquire additional water rights and increase its water supply. The MDOC reviewer noted that the application did not contain any documentation from businesses wishing to expand in the Cooke City area. However, the application did contain letters of support from current business owners.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated the public was informed of the proposed improvements, projected costs and projected user rates at a public meeting on April 22, 2002. The applicant stated that approximately half of the full-time winter residents were present. The application included affidavit of publications, advertisements, meeting minutes, copies of handouts, an attendance list from this meeting and six letters of support from local residents and business owners.

The community has established a zoning district and adopted a local zoning ordinance. One of the goals identified in the zoning ordinance was the improvement of water and wastewater infrastructure.

Project No. 27
Worden-Ballantine Yellowstone County Water and Sewer District – Water System Improvements

This application received 3,380 points out of a possible 4,900 points and ranked 27th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature
RRGL	Grant	\$100,000	Awaiting the decision of the Legislature
SRF	Loan	\$850,300	On the priority list, application submitted May 2002
Applicant	Cash	\$ 24,222	Committed, partially expended
Project Total		\$1,474,522	

Median Household Income:	\$25,650	Total Population:	708
Percent Non-TSEP Matching Funds:	66%	Number of Households:	262

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$14.50	-	Target Rate:	\$42.32	-
Existing Wastewater Rate:	\$13.50	-	Rate With TSEP Assistance:	\$51.73	122%
Existing Combined Rate:	\$28.00	66%	Rate Without TSEP Assistance:	\$65.68	155%

Project Summary

History – The District was formed in 1984, by combining two rural special improvement districts that were created in the 1950s and 1970s. The system's sole source of water is lateral tile drain buried about seven to ten feet deep that collects groundwater that flows into a collection box. Overflow from the box proceeds to a creek via a 12" outfall, which will be acceptable to DEQ once it is protected against backflow from a creek at the outfall. The booster station pumps were installed in 1954.

Problem - The District's water system has the following deficiencies:

- ☐ potential for backflow of raw water from a nearby creek directly into the collection gallery,
- ☐ undersized pipelines,
- ☐ several dead-end mains,
- ☐ inadequate fire protection,
- ☐ two pumps have exceeded their normal useful life,
- ☐ undersized storage tank (less than half an average day's demand), and
- ☐ no back-up water source.

Proposed Solution - The proposed project would:

- ☐ video the source drain,
- ☐ drill a well,
- ☐ construct a chlorination facility,
- ☐ install a new pump at the booster station,

- ☐ add a back-up generator,
- ☐ construct a new 200,000 gallon concrete, ground storage tank,
- ☐ abandon 700' of dead-end main, and
- ☐ add approximately 8,000' of 8" and 10" line, 21 valves, and four hydrants.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that the most serious deficiency is the potential for the water source to be contaminated by surface water mixing with the system's source of water. A lateral tile drain buried about seven to ten feet deep that collects groundwater, which then runs into a collection box. The box has an overflow that drains to an irrigation canal, which under certain conditions, can be contaminated by surface water from the canal that runs backwards into the collection box. The groundwater collection system in its present condition is considered to be under the influence of surface water. A formal violation notice of E. coli contamination was issued in 1998, followed by a boil order. A DEQ hydrologist stated that the water source could not be classified as groundwater as long as the connection at the collection box stays as it is. Additionally, the system has no backup source of water, which DEQ design standards require.

Statutory Priority #2: Reflects greater financial need.

The applicant received 360 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 41st out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 40 percent. **The relative concentration of persons living at or below the LMI level ranked 23rd out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 9.4 percent. **The relative concentration of persons living at or below the Poverty level ranked 46th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant clearly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were no issues of any significance that were not adequately addressed.

Rationale: The MDOC review engineer noted that the PER provided all of the required information and was well written. All reasonable alternatives were considered, and the chosen design is cost-effective.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the District has taken a very active approach to improvements for both its water and wastewater system. In 1997, the District constructed a new automated lift station. Since 1997, it has televised its most problematic sewer mains and has replaced approximately 5,000' of cracked pipeline. In 1997, the District raised sewer rates to cover the debt service on a loan taken out to construct the new lift station and some pipeline replacement.

The water system's pipelines, though undersized, were found to be in very good condition. The District provided funding for, and recently, completed a source water protection plan. The plan demonstrates a firm commitment by the District to provide long-term protection of its water source. In 2000, the District constructed new access-ways to the collection box and to the clear wells of each booster station. The District recently completed a new lift station for its sewer system and has replaced all known problematic sewer lines.

The District has always kept its O&M budgets sufficient for the proper operation of the water system. As of March 18, 2002, the District more than doubled its water rates in anticipation of the required debt service and additional O&M that would be associated with financing the primary improvements. The rate increase would also provide approximately \$5,000 to \$10,000 more annually to the replacement/depreciation fund. Those funds would be combined with income from future impact fees to construct additional improvements.

The District is metered, but has previously used a flat base rate. At the hearing on March 18, 2002, the District proposed the use of equivalent dwelling units to calculate system use charges. As a result of that change, the school decided to reduce the size of its service connection. The District passed a resolution to increase user rates at the March 2002 hearing; the first took effect July 1, 2002 and the second to commence on July 1, 2003. The recent rate increase provides sufficient funding to cover the debt service for the anticipated loan, and also covers the needed O&M costs for the new well, chlorination building, and the new tank. It will also provide approximately \$5,000 to \$10,000 more annually to the replacement/depreciation fund. Those funds will be combined with income from future impact fees to construct additional improvements noted in the PER. Past budgets have always been sufficient to meet O&M needs, plus add a few thousand dollars per year to a replacement/ depreciation fund.

The MDOC review engineer stated that the O&M practices of the District have been good.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with an SRF loan and local reserves. The applicant stated that a 40-year term with a higher interest rate discouraged the selection of RUS over an SRF loan. The District is not eligible for an RUS grant because household income is too high, and the District's low LMI percentage makes it ineligible for CDBG funds. However, if TSEP funds are not awarded, an income survey would be conducted and an application would possibly be submitted to CDBG if the survey showed they were eligible. The applicant justified why other funding sources were not being utilized.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that two individuals wanting to construct trailer parks in the District have approached the District, but no business plans have been provided, nor did the application contain any documentation from the individuals. There have also been requests made to provide water outside the current District boundaries. These requests have been rejected until the District has secured a second and dependable water source and increased its storage sufficiently.

The applicant also stated that because Billings is the largest retail center in the region it requires a large number of lower-wage workers. Communities like Shepherd and Worden-Ballantine provide affordable housing for that work force. The area's population grew over 18 percent in the past ten years, and, as housing costs continue rising in Billings, more and more persons (and supporting businesses) would be locating in the less costly Worden-Ballantine area. However, the District must first be able to provide safe water at sufficient quantity to serve those people.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that the District sent letters to all members notifying them of the public hearing for a water rate increase and of a hearing for the proposed water system project. This

notification was in addition to advertising in the newspaper. The response at each hearing, both held on March 18, 2002, with a total of 27 attendees, was positive. The engineer provided a presentation noting the alternatives being considered and a detailed analysis of costs to the user. Copies of the letter sent, sign-in sheet, notices and their affidavits of publications, news articles, presentation, minutes and five letters of support were included in the application.

One negative comment was written in an editorial in the *Yellowstone County News* from an individual who did not attend the hearing. The individual debated the need to do any work beyond protecting the source water. The following week the paper printed an editorial written by the engineer discussing the reasons for all improvements and citing the DEQ standards that were not being met.

Project No. 28 City of Wolf Point – Wastewater System Improvements

This application received 3,372 points out of a possible 4,900 points and ranked 28th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature
RUS	Loan	\$1,180,000	RUS has committed funds to the project
Applicant	Cash	\$246,500	Committed
Tribe	Grant	\$40,000	Committed by the Assiniboine & Sioux Tribal Enterprise Community
Project Total		\$1,966,500	

Median Household Income:	\$19,695	Total Population:	3,463
Percent Non-TSEP Matching Funds:	75%	Number of Households:	1,370

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$31.93	-	Target Rate:	\$32.50	-
Existing Wastewater Rate:	\$20.83	-	Rate With TSEP Assistance:	\$55.86	172%
Existing Combined Rate:	\$48.44	149%	Rate Without TSEP Assistance:	\$57.38	177%

Project Summary

History – The City's sewer lagoon consists of a 50-acre, single-cell facultative lagoon constructed 1958. In 1987, the single cell was split into two cells and a surface aeration system was installed in the first cell, however, this retrofit did not achieve the desired results. A moratorium on new connections was recently imposed by the City.

Problem - The City's wastewater system has the following deficiencies:

- ☐ an offensive odor intensifies at certain times of the year due to the design and operation of the facility,
- ☐ sludge has built-up, which decreases operating depth, and
- ☐ the facility discharges at an marginally acceptable rate.

Proposed Solution - The project is proposed to be completed in two phases, with phase one being funded by RUS, and phase two being funded by TSEP, additional RUS funds, and the other funds committed for the project. The first phase, which is funded entirely with RUS funds, would remove sludge from the lagoon.

The proposed project to be funded with TSEP monies would split the existing second cell to form a three-cell system, with two aerated cells and a polishing pond.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system are likely to occur in the long-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence after chronic exposure, and a moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact.

Rationale: The MDOC review engineer noted that the applicant sufficiently demonstrated that the deficiencies in the wastewater system, and the associated health and safety problems, are likely to occur in the long-term if the deficiencies are not corrected. There was clear documentation that the odors emanating from the treatment facility cause local and city-wide affects that limit outdoor activity and quality of life. Furthermore, if the system were to be operated as intended as a continuous discharge facility, it would likely regularly exceed effluent discharge standards. It is only by operating the system as a controlled discharge facility that the City is able to prevent discharge violations.

Statutory Priority #2: Reflects greater financial need.

The applicant received 792 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 13th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 44 percent. **The relative concentration of persons living at or below the LMI level ranked 14th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 24.4 percent. **The relative concentration of persons living at or below the Poverty level ranked 3rd out of the 55 applications**

Indicator #2. Target Rate Analysis: The applicant placed in the 4th quintile and received 720 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level two and received 320 points out of a possible 800 points.

Conclusion: The applicant weakly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The

PER was incomplete and there were some significantly important issues that were not adequately addressed, which raised serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER was not as comprehensive or detailed as is typical of most reports submitted. Furthermore, the PER contained many contradictions and errors, some of which were corrected by the applicant during the comment period. The PER appeared to be prepared under a very tight schedule and without typical quality review steps. In addition, several significant issues were not addressed at all, including a non-degradation analysis, despite a substantial expansion in service population that is expected. The lack of a non-degradation analysis resulted in a similar score for several other applicants. Consideration and discussion of non-degradation is important in determining the impact of the growing community on its discharge permit. Without this information, it is unclear if the selected alternative represents an appropriate and cost-effective option.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the City raised the rate schedule in 1985 and once again in 1994. Since that time rates have increased on an annual basis in order to keep pace with the increased debt coverage and O&M. The City's water usage is metered and sewer rates are based on that usage. The City maintains a capital improvement budget, and funds have been set aside to provide funding for the proposed project. The City has maintained the present facility in a professional manner (which has been confirmed by the Midwest Assistance Program), but the facility has not kept up with the demand from growth, and therefore, extensive modifications are necessary.

Each year the City brings council committees, staff and the public together to identify short-term capital needs. A one-year, five-year and extended plan is developed to consider equipment purchases and items for which costs can easily be determined. The City is a participating member of the Great Northern Development Corporation (GNDC). GNDC has completed a comprehensive economic development strategy (CEDS) and develops a work plan based on the goals and objectives of the CEDS each year. Public input is encouraged and all local residents invited to this annual planning summit. An updated CEDS will be completed June 30, 2002. To update the CEDS, ten public meetings were held throughout the region to gather public input. Incorporated in the CEDS and the 2001-2002 work plan is a set of goals and objectives designed to address the most urgent needs of the communities serviced. One of the goals is to assist the City in researching possible funding sources for improvements to the water/sewer system. The proposed project is consistent with the work plan, and GNDC has retained the services of a land use planner who is developing growth policies for Roosevelt County. The City is part of that planning effort.

The MDOC review engineer noted that it appears that the City's O&M practices are generally good, based on conversations with DEQ.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all

appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and local grants in combination with an RUS loan and local reserves. An application has been submitted to RUS and the RUS staff has stated that it has committed to funding the project. The project is proposed to be completed in two phases, with phase one being funded by RUS, and phase two being funded by TSEP, additional RUS funds, and the other funds committed for the project.

The City would reduce its reserves to \$12,000 by its contribution of cash to the project, and therefore cannot contribute any more. To fund the project entirely by a loan would result in too great of an increase in user rates, and therefore, it was not an acceptable option for the City. The City approached the Fort Peck Tribal Housing Authority about contributing towards the cost of the project, but was told that it has prior commitments and does not have any funds available. The applicant stated that while the City may be eligible to apply to CDBG program, it does not feel that it would be competitive given its relatively low percentage of LMI households.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level three and received 300 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities, and cited various businesses that would benefit by the proposed improvements. However, the applicant did not reasonably demonstrate that the proposed project would directly result in the expansion of a specific business, or the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements should maintain and possibly add to the tax base if any business expansion occurs.

Rationale: The applicant stated that because the City has found it necessary to impose a moratorium on hook ups to the sewer system, all development is on hold and this directly discourages business development. In particular, United Parcel Service (UPS) has contacted the Wolf Point Chamber of Commerce (CC) and has expressed an interest in purchasing a parcel of land owned by the CC. The CC is currently developing plans to move the local museum in order to expand, and wants to develop the property further. UPS has also requested confirmation that the City has the capacity to add their business to the water/sewer system. Unless the sewer concerns are addressed in a timely fashion, UPS could be lost as a potential new business. This would mean 22 jobs for Wolf Point, or 22 families that won't leave the region. The MDOC reviewer noted that a business plan was not provided for UPS, and there was no further documentation to verify UPS's interest in locating in the City other than a brief letter from the CC to the UPS real estate manager regarding the status of the lagoon.

The Fort Peck Community College recently purchased two vacant buildings in Wolf Point in order to expand, which will also necessitate homes for instructors and administrators. The current moratorium limits any new development.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that on April 22, 2002, the City, in cooperation with the County and the GNDC, hosted a public meeting to obtain basic knowledge relating to the needs of the community

and obtain public comment regarding the TSEP application. The meeting was advertised through two local newspapers, the *Herald News* and the *Wotanim Wowapi*. The local radio station advertised the meeting as a public service announcement. Posters were placed at various locations in the City including Albertson's, the public library, the welfare office, the county courthouse, the city office, local banks, and others. In addition, a mailing list including active service organizations was obtained from the chamber of commerce and invitations sent to the listing. The meeting was held at 5:00 p.m. with GNDC providing a light lunch and a door prize. Thirty-five people attended the meeting, which included the city mayor, public works director and the project engineer. The engineer explained the problems with the present lagoon and the possible funding scenarios. A copy of the attendance roster, advertisements, and minutes of the public meeting were included in the application.

Letters of support for the project were provided by the Fort Peck Tribes, the Assiniboine and Sioux Tribal Enterprise Community, the Fort Peck Housing Authority, and the local chamber of commerce. While several negative comments were received regarding the offensive odors, there were not any negative comments received regarding the proposed modifications to the lagoon.

City residents ranked the improvements to the sewer lagoon within the top four priorities at the April meeting. The GNDC, upon requests by the City, included the project in its 2000-2001 work plan.

Project No. 29
Town of Ryegate – Water System Improvements

This application received 3,364 points out of a possible 4,900 points and ranked 29th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$478,700.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 478,700	Awaiting the decision of the Legislature
BOR	Grant	\$ 100,000	Application submitted
RRGL	Grant	\$ 100,000	Awaiting the decision of the Legislature
RUS	Grant	\$ 150,749	Application submitted
RUS	Loan	\$ 128,000	Application submitted
Project Total		\$ 957,449	

Median Household Income:	\$17,955	Total Population:	268
Percent Non-TSEP Matching Funds:	50%	Number of Households:	96

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$18.67	-	Target Rate:	\$29.63	-
Existing Wastewater Rate:	\$ 6.00	-	Rate With TSEP Assistance:	\$33.71	114%
Existing Combined Rate:	\$24.67	83%	Rate Without TSEP Assistance:	\$52.35	176%

Project Summary

History – The Town's water source is an infiltration gallery that was built in the mid-1960s, and consists of a collection pipe and turbine pumps installed above a wet well that was constructed around 1920. New submersible pumps were installed in 1996. Some of the 4" cast iron distribution system piping predates 1920. The DEQ has designated the infiltration gallery as being a groundwater under the direct influence of surface water (GWUDISW) source, with the influencing surface water being the Musselshell River. This designation places the system in violation of the current treatment requirements. Recent low river flows have reduced the water production to a point where restrictions in water use have had to be implemented.

Problem - The Town's water system has the following deficiencies:

- ☐ the water source is designated as a GWUDISW source,
- ☐ fecal coliform bacteria were detected in the system in 1995/96,
- ☐ the capacity of the infiltration gallery has decreased,
- ☐ inadequate fire protection in portions of the town, and
- ☐ insufficient storage to meet fire protection requirements.

Proposed Solution - The proposed project would:

- ☐ drill two to three new wells,
- ☐ replace approximately 4,940' of 4" cast iron pipe with 6" PVC pipe,

- ☐ install approximately ten new fire hydrants,
- ☐ install meters, and
- ☐ conduct a structural inspection of the storage tank.

Note: The proposed solution does not propose to resolve the problems related to inadequate fire protection. Therefore, those deficiencies were not taken into consideration in the scoring of Statutory Priority #1.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that the applicant's water supply has been determined to be groundwater under the direct influence of surface water, which means there is a high potential for surface water contaminants to enter the drinking water supply and cause disease or illness. Fecal coliform have been detected in the water system, but the positive samples may be attributed to problems with the water storage tank rather than the supply. The yield from the groundwater collection system has decreased due to drought conditions, and the Town has had to implement water rationing in the summer months. The Town does not have a back-up water source.

Statutory Priority #2: Reflects greater financial need.

The applicant received 504 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 4th quintile and received 720 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 6th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 50 percent. **The relative concentration of persons living at or below the LMI level ranked 10th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 15.4 percent. **The relative concentration of persons living at or below the Poverty level ranked 26th out of the 55 applications**

Indicator #2. Target Rate Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that PER generally provided the information required and there were only minor issues that were not adequately addressed. In particular, cost estimates provided in the PER lacked documentation as to how they were determined.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that new submersible pumps were installed at the infiltration gallery in 1996 and a water main replacement project was undertaken in 1993. The applicant stated that no past efforts have been made regarding capital improvement planning and budgeting. Budget constraints have prevented action in the past and the Town's water system has operated on a break-even philosophy. The current council recognizes that planning for future needs is critical. The Town has recently become proactive by soliciting the preparation of the water PER, a wastewater PER, conducting a needs assessment survey, and also undertaking the preparation of a CIP. The applicant stated that the problems are not of recent origin and no management techniques could have prevented the problems. The project calls for installation of meters and the new wells will have a wellhead protection plan.

The MDOC review engineer stated that it appears the Town's O&M practices have been adequate and that it appears the applicant has taken a pro-active approach to system operation and maintenance.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP, RRGL, BOR, and RUS grants in combination with a RUS loan. SRF funding was considered but the 20-year term increased the rate beyond the Town's ability to pay. CDBG was also considered and an income survey was conducted. Based on the surveys returned, the Town is only 50 percent LMI; however, the survey is considered invalid due to the inadequate number of responses the Town received back. The Town plans to review the 2000 census data when it is released and re-evaluate the potential of CDBG funding.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project will not directly result in the creation or retention of jobs, nor will it directly result in a business expansion. The project will enhance infrastructure, which is a prerequisite to attracting businesses and therefore increasing the tax base.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that it held two public hearings. The first hearing was held April 1, 2002, to get public input on the overall needs of the community. The second hearing was held April 24th, and specifically addressed the project and its impact on the community and the user rates. The notices, sign-in sheet for the April 24th hearing, and minutes for both of these hearings were included in the application. The applicant stated that other meetings were held that were open to the public but these meetings were not formally noticed. The Town completed a needs assessment survey in April 2002 and is in the process of completing a CIP.

Project No. 30
Cascade County – Bridge System Improvements

This application received 3,332 points out of a possible 4,900 points and ranked 30th out of 55 applications in the 2003 recommendations to the Legislature. The applicant's bridge levy as a percent of MHI is less than the statewide median of .04 percent, but after taking into consideration other factors, **MDOC recommends the requested TSEP grant of \$230,840.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$230,840	Awaiting the decision of the Legislature
Intercap	Loan	\$210,515	Will apply when necessary
Applicant	Cash	\$27,325	Committed
Project Total		\$468,680	

Median Household Income:	\$23,700	Total Population:	80,357
Percent Non-TSEP Matching Funds:	51%	Number of Households:	32,547

Project Summary

History – The County has identified one wooden bridge that is in critical condition and in need of replacement. Bridge 260, also known as the Eden Bridge, spans the Smith River on Boston Coulee Road and was constructed in 1950. The MDT has recommended that the load limit be reduced to only seven tons.

Problem – The Eden Bridge has a 34.6 sufficiency rating. Deficiencies include:

- ☐ severely weathered, cracked, dry rotted and surface worn deck,
- ☐ weathered, dry rotted, cracked, splintered and crushed stringers,
- ☐ weathered, dry rotted, and cracked pile caps,
- ☐ weathered, dry rotted, cracked, and water damaged wing walls, and
- ☐ inadequate guardrail with many supports severely weathered, dry rotted, or missing.

Proposed Solution - The proposed project would replace the bridge with a concrete bulb tee and trideck superstructure that is wide enough to properly handle two-lane traffic.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. These serious problems however have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that the bridge has an NBI sufficiency rating of 34.6 and the lowest element condition rating is a four.

Statutory Priority #2: Reflects greater financial need.

The applicant received 432 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 36th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 35 percent. **The relative concentration of persons living at or below the LMI level ranked 43rd out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 13.7 percent. **The relative concentration of persons living at or below the Poverty level ranked 30th out of the 55 applications.**

Indicator #2. Financial Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.03%
Bridge levy as it relates to the state median of .04 percent	75%
Entire levy as a percent of MHI	3.19%
Entire levy as it relates to the state median of 2.78 percent	115%
2001 mill value as a percent of 1986 mill value	118%
2001 bridge mills as a percent of 1986 bridge mills	118%
Ratio of 2001 bridge levy to 1986 bridge levy	139%

The financial analysis was scored a level two because it appeared that the County has made less of a financial effort to fund its bridge system compared to the other TSEP bridge applicants and relative to the County's size, population, and financial capacity. The 2001 bridge levy as a percentage of MHI was only .03 percent, which was only 75 percent of the state median.

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. While the PER is generally complete, there were some potentially important issues that were not adequately addressed. However, it does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that while the PER is generally complete, there are some potentially important issues that were not adequately addressed. It appears that the engineer followed the PER outline required back in 2000 rather than the outline requirements shown in the *TSEP Application Guidelines* dated 2002, resulting in the omission of required information needed to properly analyze the proposed project. There were several items missing that would have strengthened the report.

There were three issues that were considered potentially important: the use and associated costs of a work bridge, dewatering of the abutments, and the rationale for three spans. The PER stated that driving the piles in the center of the river next to the existing H-piles might be difficult, since the existing bridge may not be able to handle the loads induced by a pile driving truck. There was no discussion of a work bridge to accomplish this, or the costs that would be involved. It is possible that the temporary bridge could be used for this work if it could be placed close enough to the new bridge. Another item that was only briefly discussed is the need for a cofferdam, or even dewatering. In addition, the rationale for needing three spans was not adequately discussed or clear. The applicant stated that a clear span over the main channel was desired. However, the team of review engineers thought that it was possible to eliminate the tri-deck span and simply extend the bulb tee span to 90 feet, since bulb tees are readily available at that length.

There were also several items missing that would have strengthened the PER. A discussion of the physical characteristics of the area was not provided, particularly copies of the USGS topographic quadrangle, floodplain map or soils map. The cost per pile was not clearly described, and would have been better supported by a discussion on the geology and possibly information gathered on pile depths from the last repair project. There was no cost summary for the selected alternative. A narrative on project implementation, including a project schedule, was not included. Neither a narrative discussing public participation, nor documentation of public support, was included in the PER.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the County has replaced or extensively renovated 42 bridges throughout the County over the past several years costing approximately \$425,000. The County has expended in excess of \$3.5 million on capital road improvement projects in the last three years.

The applicant stated that the County's past practice of levying the maximum number of bridge mills to make sure the County generates the same dollar amount that was raised in the prior year, demonstrates the commitment to long term operation and maintenance of its bridge budgets. The County levied 4.72 mills totaling approximately \$493,000 for their bridge budget in 2002. However, reserves for

repair and replacement have been difficult to acquire for major and/or larger projects, since ongoing maintenance consumes the majority of the bridge budget. Funding for the proposed project through TSEP would allow the County to continue to maintain other bridges.

In 1998, voters rejected the County's attempt to levy an additional 13 mills upon the taxable property located outside the boundaries of incorporated cities and towns in the County for the purpose of reconstructing, improving, and maintaining public road ways. Additionally, the County is currently levying the maximum amount of property taxes allowed.

The County has inventoried and rated all 51 of its bridges under 20' in length to determine their condition and needed maintenance and improvements. A bridge priority ranking list was prepared by the county surveyor. The County estimated that it would cost \$1.2 million to repair or replace deficient bridges. The County recently participated in a life-cycle analysis on capital purchases for road equipment, in an effort that will ultimately result in keeping maintenance and personnel costs down.

The applicant stated that the County has begun the process to adopt a county-wide CIP, beginning with a community needs assessment. The MDOC reviewer noted that a letter dated April 24, 2002, was included in the application, which expressed their commitment to begin the process and stated the concept would be introduced at the next meeting in May. As a result, nothing had actually been done by the time the application was submitted.

The applicant stated that the County currently addresses its public facility needs annually and establishes priorities through comprehensive evaluations by a composite of elected public officials and staff. The County adopted a comprehensive development plan in 1979 and adopted amended updates to the plan in 1982 and 1998. The proposed project is consistent with the plan. In addition, the County has adopted a county parks plan.

The County has also invested over approximately \$19 million over the last five years for capital improvement projects not related to road or bridge projects. During the last three years, the County has pursued a fourth District Court Judge and was successful in that endeavor during the 2001 Legislature. That award necessitated the need for additional facilities such as a courtroom, judge chambers, jury rooms, and staff accommodations. The funding will come from the District Court mill levy, vehicle option tax, and District Court reserves. The \$16 million Cascade County Regional Adult Detention Center, completed in 1998, was funded through a general obligation bond issue. An \$8 million project updating the Montana State Fairgrounds was accomplished with a general obligation bond issue in 1995.

The deficiencies associated with the Eden Bridge are not a result of inadequate O&M, but simply to deterioration due to weather exposure, frequent water fluctuations and timber degradation. In 2001, the county stripped the asphalt off and installed a running plank over a wood deck. This served as a temporary solution to support severe weak areas in the deck. The MDOC review engineer noted that it appears that the County's O&M practices related to its bridge system are good.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level five and received 600 points out of a possible 600 points.

Conclusion: The applicant conclusively demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources. In addition, the applicant adequately documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward.

Rationale: The applicant has proposed a funding package consisting of TSEP grant in combination with an InterCap loan and local reserves. The County stated that they would not be able to proceed with the project without the TSEP grant. It appeared that the applicant analyzed all reasonable sources of funding for this project.

The applicant attempted to obtain funding for the project from FW&P, since the bridge is located at a take-out area for recreational floaters using the Smith River. While FW&P was unable to commit

funds for the project, the County was able to secure their commitment of \$20,000 for enhancements in the area along the Millegan Road, which is a major access route to the bridge and the Smith River recreation area. The FW&P enhanced the take-out area located at the immediate base of the bridge by landscaping and constructing a paved parking lot, and installing public latrines, picnic areas, and signage.

The County also attempted to secure federal funding through Malmstrom Air Force Base for their missile roads system, due to the fact that the bridge provides access to two missile sites located on each side of the bridge. However, this route does not qualify for federal funding since it is only a secondary or support route.

A general obligation bond does not appear viable for this project, since voters rejected the County's attempt to levy an additional 13 mills for the purpose of reconstructing, improving, and maintaining public road ways located in the County.

A rural improvement district was not considered to be an appropriate funding alternative due to the fact that those benefiting from the infrastructure project are not just local residents, but also include a large number of recreational users who are not area or county residents.

The MDT has scheduled a replacement of the Belt Creek Bridge in Cascade County through the Federal Highway Bridge Replacement and Rehabilitation Off-System Program. Therefore, it is unlikely that funding for any other bridges in the County will be available for several years.

The County's PILT payments are currently distributed to the general fund and are not available for this project. The County's allocated gasoline tax is fully allotted to the County's road and bridge fund. Last year it funded approximately \$242,000.00 in asphalt projects. The County has budgeted \$220,000.00 for road/bridge projects for this fiscal year. Approximately \$80,000 of this will be spent on two bridge projects along Sand Coulee Creek and the remainder to purchase and crush gravel. The vehicle local option tax is currently allotted to the Cascade County District Court System. A portion of the vehicle option tax was utilized for a capital improvement project last year to re-build and pave a road. Approximately 66 percent of U.S. Forest Service receipts were allotted to the road and bridge fund in 2001-2002.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the bridge system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the proposed project would result in the retention of long term and full time jobs for Montanans, since the bridge provides access to the takeout point for guides and commercial outfitters during the summer fishing/floating season along the Smith River, in addition to the fall hunting season. Thirteen outfitters are exclusively authorized for the Smith River. However, the MDOC reviewer noted that there was no justification or documentation provided that would demonstrate that any jobs would be lost if this project did not occur.

The applicant also stated that the bridge is located in a substantially agricultural area. The load limit of the bridge prohibits the transport of heavy farm equipment carrying loads of hay, grain, water and livestock. Replacement of the bridge would provide efficient transportation rather than the lengthy alternate routes currently utilized. The MDOC reviewer noted that that distance appears to be approximately 10 to 15 miles on gravel roads. Retention of a successful agricultural economy requires streamlined productivity. Local farmers and ranchers have endured additional operating costs due to the existing bridge's inability to accommodate farming and ranching machinery and vehicles. Additionally,

replacement of the bridge would allow residents in the area to commute to secondary jobs in the surrounding area including the City of Great Falls and other outlying rural towns. However, the MDOC reviewer noted that the weight limits should not restrict commuting residents living in the area; they would only be impacted if the bridge was closed. The weight limits would potentially affect farming and ranching machinery and vehicles.

Businesses that administer to the farming and ranching industry, such as implementation dealers, would also benefit from the proposed project, since delivery service options are currently limited due to the weight restriction of the bridge. Examples of such delivery services include water, farm equipment, and propane. Upon the newly reduced weight restriction on the bridge in mid April, the Montana Farmers Union Oil Company was contacted by the County and advised not to utilize the bridge for propane delivery in the area.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level five and received 400 points out of a possible 400 points.

Conclusion: The applicant conclusively demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its estimated cost and the impact per household. In addition, the applicant provided documentation to show that the project is clearly a high local priority and strongly supported by the public.

Rationale: The applicant stated that public hearings were held in Great Falls and Cascade in conjunction with regularly scheduled commission meetings in March and April of 2002. Public notices were published in the *Great Falls Tribune* and the *Cascade Courier*, and an article was published in the *Tribune*. Colored flyers were distributed door-to-door in the Eden and Millegan area. Colored flyers were also displayed in area businesses including local taverns, gas stations, grocery stores, schools and post offices. A complete description of the proposed project was presented at the hearings. A brief informational hand-out was distributed at the hearings. Residents were informed that their taxes would not increase as a result of this project.

There appears to be strong support for the proposed project. A common concern that was expressed was the bridge's inability to accommodate heavy farming and ranching traffic. Minutes from the meetings show that numerous citizens attended the hearings, asked questions and are in support of the project. Twenty-one people signed a statement in support of the project at the April 8th hearing. There were 14 letters from residents in the area and businesses that travel in the area in support of the project. There were responses from several volunteer fire department in support of the project, which indicated that if the bridge were to close it could add up to 45 to 60 minutes in response time. There were also several governmental agencies, including the Cascade County Sheriff, Cascade County Disaster and Emergency Coordinator, Cascade County Risk Manager, Lewis and Clark National Forest Service, and Montana Fish, Wildlife & Parks wrote letters in support of the project. There was no expressed opposition to the project.

The County has expressed their commitment to begin the process to adopt a county-wide CIP, beginning with a community needs assessment. But as previously noted, nothing had begun by the time the application was submitted.

Project No. 31
City of Libby – Water and Wastewater System Improvements

This application received 3,320 points out of a possible 4,900 points and ranked 31st out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting the decision of the Legislature
RRGL	Grant	\$ 100,000	Awaiting the decision of the Legislature
Intercap	Loan	\$ 241,275	Application submitted
Applicant	Cash	\$ 380,000	Funds committed
Project Total		\$1,221,275	

Median Household Income:	\$18,036	Total Population:	2,532
Percent Non-TSEP Matching Funds:	59%	Number of Households:	1,678

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$36.66	-	Target Rate:	\$29.76	-
Existing Wastewater Rate:	\$21.53	-	Rate With TSEP Assistance:	\$58.19	196%
Existing Combined Rate:	\$58.19	196%	Rate Without TSEP Assistance:	\$60.18	202%

Project Summary

History – The City has a shallow aquifer lying beneath it. The Johnston Acres neighborhood was annexed into the City in 1998. The neighborhood is comprised of approximately 76 dwellings and covers an area of 60 acres. Lot sizes in the area vary from 2,500 square feet to more than an acre, each having on-site septic treatment systems. There is a history of these systems failing. City water service is available in the project area, but water mains are undersized resulting in low pressures during normal use and no fire protection capabilities.

Problem - The City's centralized wastewater system is not available in this portion of the City.

The City's water system in the Johnston Acres neighborhood has the following deficiencies:

- ☐ undersized and leaking distribution lines,
- ☐ improperly placed mains and lines,
- ☐ inadequate fire flows, and
- ☐ portions of the system are located on private property without easements.

Proposed Solution - The proposed project would:

- ☐ extend city sewer service into the project area by installing approximately 7,400' of 8" line, 3,700' of 4" line, 21 manholes and 105 service connections,
- ☐ abandon 105 existing septic tanks in place,
- ☐ extend city water service into the project area by installing approximately 5,600' of 8" main, 800' of

- 6" main, 20 new gate valves, and 105 service connections using 3,700' of ¾" service line,
- ☐ install eight new fire hydrants, and
 - ☐ replace under-sized water transmission main with approximately 1,400' of 12" pipe.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water and wastewater systems are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that the PER included adequate documentation to verify the extent of the problems in the project area. The water lines are significantly undersized and often have low pressure where the threat of backflow into the system can allow contamination to enter the water system. Fire flows cannot be provided with the small diameter mains and lack of hydrants. Also, the project area has an extremely high rate of septic failure that represents a significant threat of cross contamination to the water system. The project area represents a relatively small portion of the City, but potential contamination that might come from the existing water and on-site wastewater systems could affect much of the City's water system if cross contamination were to occur.

Statutory Priority #2: Reflects greater financial need.

The applicant received 720 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 4th quintile and received 720 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 7th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 37 percent. **The relative concentration of persons living at or below the LMI level ranked 29th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 16.4 percent. **The relative concentration of persons living at or below the Poverty level ranked 21st out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 4th quintile and received 720 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. While PER report is generally complete, there were some potentially important issues that were not adequately addressed. However, it does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that there were some potentially important issues that were not adequately addressed. The application contained three different engineering studies, and while the combination of the documents provided a lot of information, there was a lack of consistency between the reports. The water portion of the PER did not evaluate the entire water system, such as supply and treatment. The wastewater portion of the PER did not include a detailed evaluation of the collection system, and inflow and infiltration into the sewer system, but did recommend further detailed analysis of the collection system. This wastewater project was not one of the recommendations of the PER.

The applicant did not adequately assess the potential environmental impacts. Asbestos is known to exist in the City's soils and could potentially be a health hazard to the community and construction workers. However, it did not appear that the costs for dealing with asbestos removal or handling during installation of water or wastewater lines were considered in the project costs.

The ranking team concluded that TSEP funding should be conditioned upon the requirement that the applicant further evaluate project costs associated with asbestos handling and review bid tabulations from similar projects to insure that the budget established for the project is adequate.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant's wastewater treatment plant was completed in 1986. In 1987, an evaluation of sludge handling and drying was completed by Northern Montana College. Five additional drying beds were added in 1988 and a belt filter press was added in 1993. Since that time there have been no formal evaluations of the system until 2001. However, each year the City, as part of the process of updating its CIP, evaluates sewer utility needs and budgets for the priority projects.

The City acquired the water system in 1986, and in 2000 completed the construction of a new water treatment plant. The funding for the treatment plant required a 47 percent increase in user fees. A leak study was completed in 1988 resulting in repairs to the system, however 40 percent of the water is still unaccounted for. For both utilities, the City adopted a policy of raising rates two to three percent annually. These increases will allow the City to begin funding reserves. The City has installed new meters throughout its service area and has adopted the Johnston Acres Neighborhood Plan.

The MDOC review engineer stated that it appears the City's O&M practices have been good. The City has not neglected the systems due to inappropriately low user rates and the operators attend continuing education training sessions.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to

thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with an InterCap loan and local reserves. The applicant stated that EDA funding is dependent on job creation, and since no jobs are created or retained by the project it is ineligible for EDA funding. The applicant stated that it is not eligible for an RUS grant because user rates are not high enough to qualify. SRF loan terms are four percent for 20 years. The overall cost is greater than the proposed InterCap loan, however if the InterCap loan is not approved then SRF will be re-evaluated. Libby's LMI is 37 percent making it ineligible for CDBG funding. However, an income survey is being compiled to determine if the City could target LMI households, with CDBG paying for STD assessments.

When scoring the project, the TSEP ranking team was informed by RRGL staff that the City was below the funding line; therefore, the funding package appears to have become less viable.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level one and received 100 points out of a possible 500 points.

Conclusion: The applicant did not demonstrate that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement to an area that is residential only, and it does not appear to be necessary for providing any job opportunities or business development. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project will not directly result in the creation or retention of jobs, nor will it directly result in a business expansion. The MDOC reviewer noted that the area served by the project is residential only.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that it held two public meetings, conducted a mail survey and mailed a newsletter specifically addressing the proposed project. The first meeting was on January 24, 2002, and the second on March 25, 2002, at which costs and funding strategies were discussed. The public was informed that the project would not increase user rates or result in any special assessments. The application included a copy of the minutes, meeting notices, sign-in sheets, neighborhood plan, 13 letters of support, as well as the survey used to develop the neighborhood plan.

Project No. 32
Beaverhead County Water and Sewer District (Wisdom) –
Wastewater System Improvements

This application received 3,276 points out of a possible 4,900 points and ranked 32nd out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting the decision of the Legislature
CDBG	Grant	\$ 500,000	Will submit application in January 2003
RRGL	Grant	\$ 100,000	Committed, awarded by 2001 Legislature
RUS	Grant	\$ 74,700	Application submitted April 2002
RUS	Loan	\$ 91,300	Application submitted April 2002
Project Total		\$1,266,000	

Median Household Income:	\$23,250	Total Population:	114
Percent Non-TSEP Matching Funds:	61%	Number of Households:	69

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
(No centralized water system)			Target Rate:	\$13.95	-
Existing Wastewater Rate:	\$14.50	104%	Rate With TSEP Assistance:	\$25.00	179%
			Rate Without TSEP Assistance:	\$58.76	421%

Project Summary

History – The District was created in 1971 to serve the community of Wisdom. The wastewater system consists of conventional gravity sewers, two lift stations, a force main to the lagoon site and two 1.5-acre containment lagoons. In 1995, DEQ issued an administrative order that placed a moratorium on any new hookups.

Problem - The District's wastewater system has the following deficiencies:

- ☐ treatment facility is undersized,
- ☐ untreated wastewater is discharged, and
- ☐ the lagoon cells leak, which may potentially contaminate groundwater.

Proposed Solution - The proposed project would:

- ☐ rehabilitate and line the two existing cells,
- ☐ construct one additional lined treatment/storage pond, and
- ☐ install an irrigation system for land discharge.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that it appears that the existing lagoons lose two-thirds of all the water entering the lagoon due to leakage, which is 15 times than that allowed by DEQ. Despite such a high loss through leakage, insufficiently treated wastewater from the lagoons must still be discharged to nearby land to avoid overtopping of the dikes. The discharge is in violation of DEQ rules and an administrative order has been issued to correct the problems. The discharge of insufficiently treated wastewater to land presents opportunity for insects, rodents, etc., to come in contact with human pathogens. These pathogens could be carried to humans indirectly through these creatures, or through direct contact with the dumped wastewater. While no specific cases of disease attributable to the discharge have been reported, the public health threat is considered to be imminent.

Groundwater monitoring has shown that the groundwater up gradient has nitrates at less than 0.5 ppm, while the groundwater nitrate level down gradient exceeds 3 ppm. For their water supply, the residents in the District have individual wells for drinking water and some are within 600 feet of the lagoons. As a result, these wells are threatened by the high nitrate levels. In addition to the illegal surface discharge, there is very little doubt that the Big Hole River is being polluted with nitrate-contaminated groundwater as a direct result of leakage from the lagoon. The nutrients that are likely reaching the river could potentially lead to increased algae growth and BOD-producing biomass that could be harmful to this environmentally important river. If the dikes should actually overtop, the dikes would likely breach and all wastewater and sludge would be dumped onto the adjacent land with some reaching the river, resulting in serious environmental pollution and a serious public health threat for residents and tourists downstream. The residents of Butte-Silver Bow would also be threatened because it utilizes the river for a portion of its water supply as well.

Statutory Priority #2: Reflects greater financial need.

The applicant received 576 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 30th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 41 percent. **The relative concentration of persons living at or below the LMI level ranked 21st out of the 55 applications**
- ☐ The percent of persons living at or below the *Poverty* level is 4.5 percent. **The relative concentration of persons living at or below the Poverty level ranked 51st out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 4th quintile and received **720 points**. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER generally included the information required and there were only minor issues that were not adequately addressed. Several of the alternatives were dismissed with appropriate reasoning, but the alternative for total containment lagoons did warrant further consideration. The use of the same site with expansion was quickly eliminated due to space available at the existing site and cost. The use of a new total containment lagoon located elsewhere with some piping and adjustment to the lift station pumps was not considered. However, the PER does demonstrate that such a system would be cost prohibitive (though this might not have been demonstrated by the decision matrix which did not give cost a very high weight in the decision making process).

Inflow and infiltration (I/I) was not studied, in part because the system is constructed of PVC and is less than 30 years old, but the two main collectors were televised and some repairs were made. The relatively high flows into the lagoons are likely due to the fact that all users are on private wells, and there is no way to meter flows from residences. As a result, usage and corresponding wastewater is probably greater than would be expected for a metered system (toilet leaks go undetected, people run the water in the winter to avoid pipes freezing, etc.) Therefore, it was not felt that the expense of a full I/I study was warranted.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted. The project engineer appears aware of the need for floodplain permitting and associated design considerations.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that it completed a video inspection of the collection system, and installed a spray irrigation system in 2001. The District last raised its residential user fees in 2000. The rates are greater than what is needed for the operation of the system, in order to allow the District to create reserves. A needs assessment was conducted in March 2000, that showed 68 percent of those surveyed felt sewer system improvements were the number one priority.

The MDOC review engineer stated that the O&M practices of the District have been adequate. The problems with the lagoon leakage and overflow appear to be due to design flaws and are not O&M related.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level two and received 240 points out of a possible 600 points.

Conclusion: The applicant inadequately demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated limited efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project appears to have problems and may not be viable. There are potentially major obstacles that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP, RRGL, CDBG and RUS grants in combination with an RUS loan. RRGL funds were awarded by the 2001 Legislature and are committed for this project.

In 2001, the County requested Senator Conrad Burns to try to obtain a direct appropriation for the District. Because the legal issues associated with the administrative order had not been resolved, Senator Burns was unable to pursue funding for the District. The request for a direct appropriation was made again, but the status of the request is unknown.

The District prefers the 20-year loan term to the 40-year term partly because the District is still paying on the 1973 loan to build the original system. The use of RUS funds is preferred because it offers the use of grant funds in combination with loan funds. Although RUS financing is preferred, using an SRF loan has not been ruled out, although it would result in an additional 40 percent increase in sewer rates. The applicant stated that because the population of the community is small, the local population couldn't finance a facility of this magnitude without considerable assistance. The MDOC reviewer noted that the high MHI of the District would possibly preclude it from obtaining a grant from RUS.

The MDOC reviewer noted that the applicant is attempting to obtain a grant from the CDBG program with less than a 25 percent match. If the grant is awarded and the CDBG program requires the full match it would potentially result in a CDBG award being reduced to \$473,000, and an increase in local funds of approximately \$27,000. This additional loan amount would result in an increase of approximately \$2.50 per residential customer each month. The MDOC reviewer also noted that the District is only 41 percent LMI, which would make it ineligible for a CDBG grant. The application did contain some information demonstrating that the applicant conducted an income survey, but the applicant did not adequately demonstrate that it meets the eligibility requirements. The MDOC reviewer calculated that the applicant had only a 60 percent response rate to its survey, when a 67 percent minimum response is required by CDBG guidelines.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that since the moratorium on new hookups in 1995, there has been no further development or growth in the community. While no specific business are considering expansion or locating in Wisdom at this time, until the moratorium is lifted there is no possibility of economic growth. However, businesses will be encouraged to expand or develop, especially those centered on the tourist industry, when the order is lifted. The area currently serves outdoor recreationists, and it is predicted that the Lewis and Clark Bicentennial will bring additional tourists to the

area.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level five and received 400 points out of a possible 400 points.

Conclusion: The applicant conclusively demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its estimated cost and the impact per household. In addition, the applicant provided documentation to show that the project is clearly a high local priority and strongly supported by the public.

Rationale: The applicant stated that a public meeting was held in November 1998 to discuss the draft PER and the options available to the community. An affidavit of publication and notice were included in the application.

During a planning session held in 1999 relating to the upcoming Lewis and Clark Bicentennial, local residents listed sewer improvements as the number one priority. The District conducted a needs assessment and income survey in 2000. The assessment concluded that 68 percent of the residents thought that sewer system improvements were the highest priority.

Thirty-three individuals attended a public hearing held on April 4, 2002 to discuss the proposed budget and the estimated user rates after construction. The hearing was advertised in the area newspaper and flyers were posted throughout the community. A letter was sent to residents who were unable to attend the hearing. Copies of the notice, flyer, funding scenarios, letter, sign-in sheet, and minutes were included in the application.

The application contained 18 residential form letters of support, as well as support letters from a state senator, the three county commissioners, a district ranger, chairman of the Big Hole Watershed Committee, the Big Hole Tourism Association, the Headwaters RC&D, and two local businesses.

Project No. 33
Hill County – Bridge System Improvements

This application received 3,252 points out of a possible 4,900 points and ranked 33rd out of 55 applications in the 2003 recommendations to the Legislature. The applicant's bridge levy as a percent of MHI is less than the statewide median of .04 percent of the MHI, but after taking into consideration other factors, **MDOC recommends the requested TSEP grant of \$175,803.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 175,803	Awaiting the decision of the Legislature
Applicant	Cash	\$ 100,000	Funds committed
Applicant	In-Kind	\$ 84,881	Committed labor and equipment
Project Total		\$ 360,684	

Median Household Income:	\$25,467	Total Population:	16,673
Percent Non-TSEP Matching Funds:	51%	Number of Households:	6,457

Project Summary

History – The County has identified three bridges with a variety of deficiencies and are in need of replacement:

- ❑ The Quarter Gulch Bridge and the Big Hook Bridge were constructed in 1972 and span Beaver Creek south of Havre on Highway 234. Both bridges are single span, treated sawn timber structures and they are located within a county-owned park and have commercial, residential and recreational traffic with several homes and ranches relying upon them for access.
- ❑ Wanke Bridge spans Sage Creek, north of Rudyard. Sage Creek is well known for high spring run off. The bridge is a three span, treated timber structure. The Rudyard Road over this structure is considered a major collector, farm-to-market route for 108 sections of farm and ranch land.

Problem - The County's three bridges have the following deficiencies:

- ❑ Quarter Gulch Bridge has a sufficiency rating of 77.6. Deficiencies include:
 - 6" thick asphalt surface that has transverse cracks,
 - moss is growing on portions of the deck,
 - the wing walls are rotten and beginning to fail,
 - poor alignment in reference to the waterway, and
 - a 16-ton weight limit.
- ❑ Big Hook Bridge has a sufficiency rating of 74.9. Deficiencies include:
 - cracked asphalt,
 - cracked and broken stringers, and
 - a 15-ton weight limit.
- ❑ Wanke Bridge has a sufficiency rating of 63.5. Deficiencies include:
 - its width is not wide enough to allow for two vehicles to cross at one time,
 - poor alignment in reference to the road requiring vehicles to maneuver left to avoid the guardrail,
 - bituminous surface course on the deck is pitted and cracked allowing for rot,
 - several stringers are cracked and one is broken and separated, and
 - the low elevation of the bridge and adjacent roadway has played a major role in the road washing out four times in the last 25 years, when spring flooding has resulted in the creek

flowing into a back channel and overtopping the road.

Proposed Solution - The proposed project would replace all three bridges with the following types of structures:

- ☐ Quarter Gulch Bridge and Big Hook Bridge: an open bottom aluminum box culvert, and
- ☐ Wanke Bridge: a new precast concrete bulb-tee superstructure with a driven pile foundation. The bridge and grade of the road would be raised approximately 6' to prevent floodwater from overtopping the roadway.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge system are likely to occur in the long-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. These serious problems however have a high probability of occurrence after chronic exposure and a moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact.

Rationale: The MDOC review engineer noted that the Quarter Gulch Bridge has an NBI sufficiency rating of 77.6 and the lowest appraisal rating is a five; the Wanke Bridge has an NBI sufficiency rating of 63.5 and the lowest appraisal rating is a five; and the Big Hook Bridge has an NBI sufficiency rating of 74.9 and the lowest appraisal rating is a five. A level three score was assigned to the total project since all three bridges fall within the level three score criteria.

Statutory Priority #2: Reflects greater financial need.

The applicant received 432 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 39th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 37 percent. **The relative concentration of persons living at or below the LMI level ranked 29th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 18.0 percent. **The relative concentration of persons living at or below the Poverty level ranked 11th out of the 55 applications.**

Indicator #2. Financial Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.02%
Bridge levy as it relates to the state median of .04 percent	50%
Entire levy as a percent of MHI	2.12%
Entire levy as it relates to the state median of 2.78 percent	76%
2001 mill value as a percent of 1986 mill value	58%
2001 bridge mills as a percent of 1986 bridge mills	84%
Ratio of 2001 bridge levy to 1986 bridge levy	48%

The financial analysis was scored a level two because it appeared that the County has made less of a financial effort to fund its bridge system compared to the other TSEP bridge applicants, relative to the County's size, population, and financial capacity. In 2001, the County's bridge levy as a percentage of the MHI was .02 percent, which is only half of the state median. In addition, to the County's mill value decreasing since 1986, the County also decreased the number of bridge mills, which has resulted in the bridge levy being less than half of what it was in 1986.

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant clearly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were no issues of any significance that were not adequately addressed.

Rationale: The MDOC review engineer noted that the PER included all the information required. The analysis addressed the entire system to identify the potential deficiencies of all of the County's bridges. All of the deficiencies of the bridges identified by the applicant will be addressed by the project.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that approximately ten years ago it established a citizen's advisory group to assist in establishing priorities for the upcoming year. Bi-monthly, the commissioners drive the roads with county crews to inspect the roads and bridges. In March of 2002, the applicant adopted county bridge standards. The County adopted a bridge evaluation report and bridge CIP in April

of 2002. Since 1986, the County has replaced seven bridges with large culverts using its own crews. The applicant stated that none of the problems with the proposed bridges are of recent origin, nor are they a result of inadequate O&M. The applicant stated that it has been trying to prevent structural damage to the bridges by patching the asphalt on the bridges. Currently, the applicant has no depreciation reserve fund for bridges, but will be establishing a fund with the proposed project.

The MDOC review engineer stated that the applicant has maintained their bridges to a high standard, however repairs are performed only when deemed necessary and not on a regular basis.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant and local reserves. The applicant stated that it applied to the federal hazard elimination program, however the bridges were not selected for funding due to the low population served. The County contacted the MFWP and MDOT for assistance, however they have not been successful in obtaining funding. No documentation of contact with these agencies was included in the application. The applicant stated that with four years drought in an agricultural economy, it would be difficult to pass any initiative that would result in higher property taxes. The engineer's estimate for construction of these three bridges is \$664,066. The County has indicated that by providing its own labor on the Big Hook and Quarter Gulch bridges and partial labor on the Wanke Bridge it can save approximately 45 percent of project costs bringing the total project costs down to \$360,684.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the bridge system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project will not directly result in the creation or retention of jobs, nor will it directly result in a business expansion. The project will improve existing farming operations' access to their land and transporting of goods and services.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and

the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that it held two meetings to discuss the project. The first was held on March 11, 2002 and the second on April 18, 2002. Funding sources for the project were discussed at the second meeting. No one from the public attended either of these meetings. The application included copies of the legal affidavits, minutes, sign-in sheets, a newspaper article and 18 letters of support. In March of 2002, the applicant adopted county bridge standards. The County adopted a bridge evaluation report and bridge CIP in April of 2002.

Project No. 34
Town of Jordan – Water System Improvements

This application received 3,244 points out of a possible 4,900 points and ranked 34th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$459,883.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$459,883	Awaiting the decision of the Legislature
MDT	Grant	\$291,060	Committed
RUS	Loan	\$463,838	RUS has committed funds to the project
Applicant	Cash	\$14,200	Committed
Project Total		\$1,228,981	

Median Household Income:	\$17,933	Total Population:	494
Percent Non-TSEP Matching Funds:	63%	Number of Households:	209

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$15.88	-	Target Rate:	\$29.59	-
Existing Wastewater Rate:	\$9.00	-	Rate With TSEP Assistance:	\$31.83	108%
Existing Combined Rate:	\$24.88	84%	Rate Without TSEP Assistance:	\$39.99	135%

Project Summary

History – The Town's water distribution system and storage tank, as well as the wastewater collection and treatment system, were built in the 1950s, with upgrades and extensions added over the years. The last major improvement was made in 1993 when a chlorination system was installed. In 1992, DEQ documented four sites within the Town that have contaminated soil along water and sewer main trenches. Over time, the contaminated soil can be expected to increase the rate at which the mains deteriorate.

Problem – The Town's water system has several deficiencies.

- ☐ a single groundwater supply,
- ☐ no emergency power source,
- ☐ petroleum hydrocarbon induced gasket failure in supply lines,
- ☐ small diameter distribution mains,
- ☐ service pressures under 35 psi,
- ☐ dead end lines that cannot be flushed,
- ☐ deteriorating storage tank,
- ☐ inadequate fire flows, as a result of fire flow pressures below 20 psi and fire hydrants on service lines under 6" in diameter.

Proposed Solution – The proposed project would:

- ☐ upgrade the existing well,

- ☐ drill a second well and install chlorination treatment equipment,
- ☐ install an auxiliary power source for each well,
- ☐ install nine fire hydrants,
- ☐ replace approximately 3,900' of 4" water mains with 8" mains, and
- ☐ install approximately 3,100' of new 12" water mains.

Note: The proposed solution does not propose to resolve the problems related to the deteriorating storage tank. Therefore, that deficiency was not taken into consideration in the scoring of Statutory Priority #1.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that the Town lacks a back-up water supply and auxiliary power. The lack of a back-up supply and auxiliary power is serious, as a failure of the pump could leave the Town dependent on the water in storage. Although there is sufficient storage for several days demand, there would not be sufficient water to fight a significant fire if the Town was without supply for several days. A major fire event could deplete the storage tank and leave the system without any water, creating a sanitation concern as well as an inconvenience. The Town also has low pressures in some areas, which contributes to the poor fire protection. A fire destroyed the county courthouse in 1997, despite the use of two fire trucks.

As a result, the primary need is the back-up water source, since prolonged loss of water could lead to contamination infiltrating in lines as they lose pressure. No health problems have been noted, but there are concerns that health and safety problems could occur in the near term if the proposed improvements are not made, as a result of not having a backup water supply.

Statutory Priority #2: Reflects greater financial need.

The applicant received 504 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 4th quintile and received 720 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 5th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 52 percent. **The relative concentration of persons living at or below the LMI level ranked 6th out of the 55 applications.**

- ❑ The percent of persons living at or below the *Poverty* level is 10.9 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 40th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the proposed project provides a reasonable solution and the cost estimates appear reasonable. The PER is generally complete with only a few minor items missing. Noting the very high capacity of the existing and proposed well, additional justification should have been provided to warrant the placement of the wells in remote locations. With the wells located at distant sites each has to have its own chlorination station, and each must be provided with its own auxiliary power. In addition, the O&M increases/decreases do not appear to be fully developed in the cost analyses.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the system is metered and rates are based on water use. The Town increased rates in 1998. The Town maintains minimal reserves for water and sewer. Replacement and depreciation funds are built as operating cash allows, however, over the last few years, operating revenues have not been adequate to cover a large transfer. These problems are not of recent origin, however, the Town lacks the funds to complete major projects.

The applicant stated that the Town has recognized the need for long-range planning and capital improvements management. The Town conducted a needs assessment survey and adopted a comprehensive ten-year CIP in 2000. The planning committee that conducted the needs assessment survey has been asked to volunteer for a position on a proposed Jordan Town-County Planning Board. The applicant stated that the Town approached the county commissioners regarding the creation of the board. The MDOC reviewer noted that this same statement regarding the planning board was made in the 1999 application, and apparently nothing more has taken place.

The Town entered into a MOU with the MDT in 1992 concerning the reconstruction of MT Hwy 200, which goes through the Town. The agreement requires the Town to replace older utility lines that cross under the highway in order to preclude having the highway torn up at a later date. As part of the

agreement, MDT has committed funds to assist the Town with water line replacements directly affected by the reconstruction of MT Hwy 200.

The MDOC review engineer noted that it appears that the Town has a good O&M record based on conversations with DEQ.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: The applicant sufficiently demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and MDT grants in combination with an RUS loan and local reserves. The applicant stated MDT has committed funds to assist the Town with water line replacements directly affected by the reconstruction of MT Hwy 200. The RUS staff has stated that funding for the project has also been committed. The MDOC reviewer noted that while the applicant did discuss some alternative forms of financing the proposed project, it did not discuss some potential funding sources such as the CDBG and RRGL programs even though the applicant is eligible to apply to these programs.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project would not result in the creation of any additional jobs.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that numerous public hearings have been held regarding the project. A meeting was held on March 4, 2002 to discuss the proposed project and user rates. The cost per user, based on several different alternatives, was presented. An RUS representative illustrated the difference between 20-year and 40-year loans and estimated that the combined user rate could range from \$24.50 per month to \$28.50 per month for debt service payments. Several members of the community attended the hearing, and a show-of-hands to indicate whether the Town should go ahead

with the water project resulted in a 20 "for" and zero "against" vote for the project. Minutes of the meeting were included in the application.

The Town conducted a needs assessment survey in 2000. A local planning committee comprised of ten residents, went house-to-house to conduct the survey. A public meeting was also held on April 16, 2002, at a local cafe in Jordan, to discuss community needs and project priorities for the year. Attendees of the meeting represented several businesses and concerned groups within Jordan and Garfield County. The results of this survey shows that the water improvements rank as the number one priority of Jordan and Garfield County. The Town also adopted a comprehensive ten-year CIP in 2000.

Project No. 35 Pablo/Lake County Water and Sewer District – Wastewater System Improvements

This application received 3,232 points out of a possible 4,900 points and ranked 35th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature
CDBG	Grant	\$500,000	Application to be submitted in January or May 2003
RRGL	Grant	\$100,000	Awaiting the decision of the Legislature
RUS	Grant	\$1,040,282	Have not submitted an application
RUS	Loan	\$1,040,282	Have not submitted an application
Project Total		\$3,180,564	

Median Household Income:	\$19,615	Total Population:	1,262
Percent Non-TSEP Matching Funds:	84%	Number of Households:	352

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$17.15	-	Target Rate:	\$32.36	-
Existing Wastewater Rate:	\$24.47	-	Rate With TSEP Assistance:	\$54.24	168%
Existing Combined Rate:	\$41.62	129%	Rate Without TSEP Assistance:	\$60.38	187%

Project Summary

History - The wastewater treatment facility, constructed in 1973 and upgraded in 1999, consists of a two-celled aerated lagoon, followed by partial discharge to either an infiltration/percolation cell or to spray irrigation. In 1994, the District installed approximately 5,400' of sewer and force main. The upgrade in 1999 consisted of adding aeration to two existing cells, constructing a 12.6 million gallon storage cell, and adding an 18-acre spray irrigation system. In 2000, the District constructed two new lift stations and added approximately 14,000' of 8" PVC collection main. There are several areas that lie within the District boundaries that are not connected to the sewer utility.

Problem - The District's wastewater system has the following deficiencies:

- ☐ the treatment system is undersized to support additional growth and development, and
- ☐ the Confederated Salish and Kootenai Tribes has directed that the District eliminate the use of rapid infiltration cells if the system is expanded.

Proposed Solution - The proposed project would:

- ☐ abandon the rapid infiltration cells,
- ☐ construct three storage cells,
- ☐ construct a spray irrigation pumping facility, and
- ☐ expand the spray irrigation system.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system are likely to occur in the long-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence after chronic exposure, and a moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact.

Rationale: The MDOC review engineer noted that there is a serious deficiency with the current public wastewater facilities because the facility will be at 100 percent of capacity by the end of the year. Although, serious public health and safety problems attributable to this deficiency have not occurred and will not occur with the enactment of the self-imposed moratorium on future hookups, the deficiency will limit community growth until improvements are made that will allow the moratorium to be lifted.

The capacity problem is exacerbated by the Tribe's desire to have the infiltration ponds removed. These ponds, which account for half of the disposal capability of the existing treatment facilities, were constructed in 1999, are in good condition. The plan was to phase in additional improvements in 2005, but the hydraulic load reached capacity sooner than originally anticipated. The applicant documented that the existing use of the infiltration ponds may have a small, localized impact on nitrate concentrations in the shallow groundwater aquifer, but the aerial extent of that impact was not documented, nor was the impact it has on public health and safety.

Statutory Priority #2: Reflects greater financial need.

The applicant received 792 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 12th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 45 percent. **The relative concentration of persons living at or below the *LMI* level ranked 12th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 27.2 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 2nd out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 4th quintile and received 720 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level two and received 320 points out of a possible 800 points.

Conclusion: The applicant weakly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER was incomplete and there were some significantly important issues that were not adequately addressed, which raised serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER deviated somewhat from the standard approach, but appears to have generally satisfied all of the requirements of the PER. The PER was also different than most in that it eliminated all but one alternative in the preliminary screening of alternatives. Therefore, only one treatment alternative and the "no action" alternative were evaluated in detail. However, after reviewing the logic of the preliminary screening, the MDOC review engineer could find nothing wrong with the approach and found that only one alternative warranted a detailed review. Therefore, there was no comparative ranking table or narrative. Nevertheless, the most appropriate treatment concept was selected. However, the irrigation acreage calculation allowed a concentration of 10 mg/l in water discharged to the groundwater. State standards require this concentration to be 0 mg/l to qualify for a nondegradation exemption and to be considered a nondischarging system. This error results in an underestimation of the irrigated acreage requirement by approximately 50 percent; this inadequate sizing of the irrigation system could result in a significant cost increase to purchase additional lands for irrigation. It was also not clear from the PER if additional land for spray irrigation would even be available in the vicinity. This raises serious questions as to the adequacy of the proposed solution.

Aeration upgrades were not considered and included in the treatment improvements. The PER documented that sufficient volume exists in the mechanically aerated ponds to meet a 15-day detention time at the 20-year build-out hydraulic flow with little modification. However, the PER did not discuss upgrading the aeration capacity of the mechanical aerated ponds to address the build-out organic load. The organic load will also increase by a factor of 3 and the aeration and blower capacity would need to be expanded. The cost of aeration improvements was not included in the cost estimate for the preferred alternative.

The PER did discuss the entire system, including the collection system and lift stations, and correctly concluded that these facilities are in good condition. The PER did present a layout of the expanded collection system to serve the entire area and each sub-area and presented costs for collection system improvements for each sub-area. However, these costs were never included in the funding strategy. Only treatment costs are included in the proposed funding request and strategy. Based on information presented in the application, it appears that it is the intent of the District to have developers incur the costs of future collection system improvements and, for that reason, collection system costs were not included in the funding strategy. Simultaneous development of treatment and collection facilities should have been considered in the implementation of the project. Collection system improvements were not included in the implementation strategy and, therefore, the proposed solution may not completely solve the deficiencies. Most importantly, potential areas of new service may not be able to connect to the system because of the lack of collection facilities.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that after District formation in 1987, it instituted formal rates and charges to include hookup charges and plant investment fees. The average sewer bill has risen from approximately \$4.00 per month to the current \$24.47 to pay debt retirement associated with the recent expansion and to cover O&M. The proposed \$37.09 per month user rate would cover debt, O&M and reserves.

Since 1988, the District has fully evaluated their wastewater system. In 1994, the District installed approximately 5,400' of sewer and force main. In 2000, the District constructed two new lift stations and added approximately 14,000' of 8" PVC collection main.

The District has adopted a self-imposed moratorium for any new hookups to the wastewater system. The proposed project is consistent with the County's recently adopted CIP and anticipated growth and development in the Pablo area.

Tribal housing has plans for 40 single-family units, which will occur when the moratorium is lifted. Additional areas have also planned development. Plans of the Salish-Kootenai Housing Authority to expand a trailer park were also described. The application also included a preliminary plat of the proposed Sparrow Addition 51-lot subdivision.

The MDOC review engineer stated that the O&M practices of the District have been adequate. Sewer system maintenance budgets have increased each year since 1999 and appear to be adequate to fund routine maintenance of the system. The system is new and the need for improvements is driven by growth being more rapid than anticipated.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: The applicant sufficiently demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP, RRGL, CDBG, and RUS grants in combination with an RUS loan. The applicant stated that Lake County is presently sponsoring a project for the Arlee District, to which CDBG has awarded funds; however, the CDBG funds have yet to be expended to the point that Lake County can sponsor another district's application. The applicant hopes to be able to apply by January 2003, but is aware that additional county water and sewer districts within the county are further along with their projects and may be sponsored by the County for the next CDBG funding competition. The District would wait until the County can sponsor their application before pursuing CDBG funding.

The CDBG program requires a minimum 51 percent LMI to be eligible for funding. The District will conduct an income survey to satisfy the CDBG LMI requirement, and is confident the survey will demonstrate their eligibility.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the recently self-imposed moratorium on new hookups would undoubtedly stifle future residential and commercial development. With completion of the proposed project and lifting of the moratorium, residential and commercial development can occur, creating job opportunities and expanding the tax base.

Tribal housing has plans for 40 single-family units, which will occur when the moratorium is lifted. Additional areas have also planned development. Plans of the Salish-Kootenai Housing Authority to expand a trailer park were also described. The application also included a preliminary plat of the proposed Sparrow Addition 51-lot subdivision.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level five and received 400 points out of a possible 400 points.

Conclusion: The applicant conclusively demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its estimated cost and the impact per household. In addition, the applicant provided documentation to show that the project is clearly a high local priority and strongly supported by the public.

Rationale: The applicant stated that the District held two public meetings to inform the community about the findings of the PER, including the recommended alternative and subsequent user rates. The first public meeting was held on March 11, 2002 and had nine participants. After the poor showing at the first meeting, the District used all avenues to get the word out. Along with placing notices in the newspaper and mailing newsletters with monthly bills, as was done for the first meeting, the District also posted notices at public meeting places, broadcast public service announcements over the radio and television to inform the community of the upcoming meeting and to encourage support for the project. The second public meeting had 41 participants. Discussion at the public meetings appeared to support the proposed project; however, the MDOC reviewer noted that the applicant did not provide any evidence of the support expressed at the meetings. Additional news articles appeared in two local newspapers regarding the proposed project, and the District sent out a questionnaire to elicit public opinion. The application included copies of affidavits of publication, proof of broadcasts, notices, news articles, newsletters, question and comment form sent to residents, information brochure and rate schedule, water rate increase resolution, list of poster locations, sign-in sheets, and minutes from the April 10 meeting.

Letters of support for the project were included in the application from: Salish-Kootenai College student housing, the Salish-Kootenai College President, the Executive Director of Salish-Kootenai Housing Authority, and the three county commissioners. Seven comment forms were also included that stated support for the project.

The County's CIP also states that the District's wastewater project is a high priority, along with the community of Charlo's need for wastewater system improvements.

Project No. 36
Town of Ekalaka – Wastewater System Improvements

This application received 3,220 points out of a possible 4,900 points and ranked 36th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends a reduced TSEP grant of \$154,197, with the condition that the scope of the project is modified in order to eliminate that portion of the project related to installing aeration in the lagoon. MDOC also recommends terminating the \$87,200 grant awarded by the 1999 Legislature if this grant is approved.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$212,697	Awaiting the decision of the Legislature
CDBG	Grant	\$212,698	Application to be submitted in January 2003
CDBG/TA	Grant	\$ 5,000	Expended for PER
Applicant	Cash	\$ 5,000	Expended for PER
Project Total		\$435,395	

Median Household Income:	\$15,192	Total Population:	410
Percent Non-TSEP Matching Funds:	51%	Number of Households:	170

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$31.71	-	Target Rate:	\$25.07	-
Existing Wastewater Rate:	\$18.08	-	Rate With TSEP Assistance:	\$51.70	206%
Existing Combined Rate:	\$49.79	199%	Rate Without TSEP Assistance:	\$58.57	234%

Project Summary

History - The Town's wastewater system consists of 4" and 6" service lines, 8" and 10" collection mains, 6" force main, a self-priming lift station, and a three-cell facultative lagoon. The Town was awarded an \$87,200 TSEP grant in 1999 to replace two sections of sewer main on Spellmon Avenue and Hedges Avenue. Upon further investigation, the Town determined that the main on Hedges Avenue was not as serious a problem as first thought and decided not to replace that main. The Town purchased a sewer jet truck, and has been able to keep the main on Hedges Avenue open. The TSEP funds awarded to the Town have not been provided to the Town as a result of it wanting to change the scope of the project. The DEQ has recently issued a notice of discharge permit violations and is requiring the Town to add a disinfection system to their effluent stream by December 31, 2003. The Town is re-applying to TSEP in order to obtain funding to correct the problems on Spellmon Avenue and the recently identified problems related to the treatment system. The Town would decline the previously awarded TSEP grant if this new grant request is awarded, since the new grant would incorporate the scope of work proposed previously.

Problem - The Town's wastewater system has the following deficiencies:

- ☐ shallow sewer lines on Spellmon Avenue freeze in the winter and cause sewage to back up into residents' homes,

- ☐ sewer collection mains frequently clog,
- ☐ lagoon system has high O&M costs,
- ☐ inadequate effluent quality monitoring, and
- ☐ no final effluent disinfection.

Proposed Solution - The proposed project would:

- ☐ video inspect all lines,
- ☐ replace approximately 1,275' of 8" sewer line on Spellmon Ave.,
- ☐ install static tube aeration in lagoon, and
- ☐ install a UV disinfection system.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system are likely to occur in the long-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence after chronic exposure, and a moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact.

Rationale: The MDOC review engineer noted the applicant stated that a shallow sewer line freezes in the winter and backs up into basements of residences and other areas inhabited by humans. No documentation was presented to confirm the number or regularity of backups. However, there is a risk of sewage backups into residential basements due to the freezing main. As a result, there is a long-term public health and safety issue because of the potential exposure to raw sewage. Wastewater infrequently backing up into a limited number of structures is considered to be a potential long-term problem, but not as serious as a situation where numerous structures are impacted on a frequent basis.

The Town is being required by DEQ to disinfect their effluent by December 31, 2003. This deficiency does have the potential to cause serious health or safety problems, but the potentiality for human contact was not adequately documented. There was an insufficient amount of information to determine the level of risk.

The applicant also stated that it has identified problems with the treatment system, however, as discussed in statutory priority #3, it was not clear that the proposed solution would resolve the problems. There is potentially a risk of poor quality effluent being discharged due to a faulty aeration system, but this deficiency was not adequately documented or analyzed.

Statutory Priority #2: Reflects greater financial need.

The applicant received 900 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 3rd out of the 55 applications.**

- ❑ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 57 percent. **The relative concentration of persons living at or below the *LMI* level ranked 2nd out of the 55 applications.**
- ❑ The percent of persons living at or below the *Poverty* level is 17.2 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 14th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level two and received 320 points out of a possible 800 points.

Conclusion: The applicant weakly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The preliminary engineering report was incomplete and there were some significantly important issues that were not adequately addressed, which raised serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER is incomplete and there are several important issues that were not adequately addressed. In particular, the issues raised related to the treatment system were significant and called into question the appropriateness of the proposed solution. Of greatest concern to the team of review engineers was that it appeared that the lagoon could be leaking substantially. The PER states that existing flows through the lift station prior to the lagoon cells were recorded to be 66,000 gallons/day. As a comparison, the maximum flow recorded at the outlet cell was 37,010. There was no discussion of a lagoon liner. The PER does not state what kind of, if any, liner is present in the existing treatment cells. There were no provisions in the proposed project to determine or address leakage, nor was any information provided to suggest whether the liner, if existing, is or is not leaking. The PER does not include any costs for lagoon liner testing or replacement.

The capacity of the treatment system was not discussed, and there was an insufficient amount of design information on the proposed aeration system improvements. The alternatives analysis of the aeration system did not include any calculations for blower sizing and diffuser sizing. The size of blowers and the number of diffusers can greatly affect capital, maintenance and operating costs. These calculations are necessary to justify the number and size of diffusers and blowers. The recommended alternative uses PVC aeration lines; however, using PVC in high temperature applications for aeration lines may not provide a long-term solution for aeration piping.

In addition, the PER also does not include any information about sludge removal, sludge quantity, or analytical results of any sludge testing that may have been performed. The selected solution would replace the floating aerators with static tube aeration, which requires that the sludge be removed. Sludge issues could possibly eliminate the recommended alternative in preference of an alternative that does not require any sludge handling.

The UV disinfection system alternative analysis does not include any calculations for size to justify the costs. The UV unit chosen requires that total suspended solids are less than 40 mg/L to work properly. The lagoon design does not include a dormant zone and the site plan shows an aerator located adjacent to the effluent outlet piping. This does not meet DEQ standards and could potentially cause the system to not disinfect properly.

The PER submitted in 1999 was submitted along with a more recently completed PER. The earlier PER recommended an arch culvert to allow the new main to be buried at a greater depth and be able to install insulation between the culvert and sewer main. The more recent PER recommends a box culvert with no insulation. In addition, the more recent PER had no elevation data for the sewer main or

culvert, profiles of sewer main or culvert and no site plan. While potentially important issues, they did not raise serious questions regarding the appropriateness of the solution for fixing the problem of the freezing main.

In general, the applicant adequately assessed the potential environmental impacts; however, the Uniform Environmental Checklist did not include any information about sludge removal.

When scoring the project, it was determined that if this project was funded, the improvements related to the treatment system should be eliminated to allow for further study in order to analyze the accumulated sludge and lagoon leakage.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that user rates have been maintained at a level to cover system costs and were last raised in 1998. The applicant also stated that the Town has a solid track record of good financial management, but the age and condition of the system necessitates frequent costly repairs. The Town has fixed and repaired collection lines as needed; however, it has not been financially able to replace any of the lines. The Town purchased a sewer jet truck in 2001 to increase maintenance effectiveness. Six repairs were needed to keep Spellmon Avenue free of ice blockage from January through March of 2002.

The Town completed a needs assessment survey in March 2001. The Town also adopted a CIP in April of 2001, and the proposed project is consistent with it.

The Town's problems with the aerators and the discharge problems are relatively recent. The aerators are old and require continual maintenance and repair to run properly.

The applicant was awarded a TSEP grant in 1999, but, due to a number of circumstances, was unable to proceed to construction and has elected to apply for funding for the recently identified problems and would decline the previous award if new funding is awarded. The Town has determined through additional engineering studies that Hedges Avenue is not a significant problem and funds would be better used to fix the problems more recently identified.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and CDBG grants along with local reserves. The applicant stated that they considered funding from RUS, SRF, DNRC, and InterCap, but the funding package proposed is the most affordable option for system users. The MDOC reviewer noted that the Town will apply again to CDBG, but has not indicated how they would provide the 25 percent hard match as required. The Town believes the 25 percent match required by CDBG would be waived due to the Town's financial hardship. Even with the proposed funding package, the monthly user rates would be more than two times the Town's target rate.

The applicant stated that a TSEP award is considered pivotal in the financing strategy and would serve as the basis to secure the CDBG funds required to complete the project. The applicant stated if CDBG funds were not awarded, the Town would utilize RUS to finance the project; however, the Town's population is predominately elderly on fixed incomes and the additional cost would be very burdensome.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated the proposed project will not result in the creation or retention of a long-term jobs and will not directly result in any business expansion. However, having a healthy municipal water and wastewater system is essential to keeping people and businesses in the Town.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level two and received 160 points out of a possible 400 points.

Conclusion: The applicant inadequately demonstrated that the proposed project is a high priority and has the support of the community. The applicant documented that it held a public hearing or meeting, but did not inform the community about the cost of the project and the impact on user rates.

Rationale: The applicant stated that the Town held a public hearing for this new project on April 10, 2002. A notice, affidavit of publication and minutes were included in the application. Previous public hearings were held regarding the wastewater project when the Town applied to CDBG in 2001. The MDOC reviewer noted that only ten people attended the public hearing, all of which were Town officials or grant writing consultants.

The applicant stated that the Town has investigated all options for financing the needed improvements and, through the public participation process, has conscientiously informed the citizens that a rate increase of approximately \$2 per month may be necessary to off set increased cost from the new project. The MDOC reviewer was unable to find documentation in the application that the public was made aware of the additional cost.

A needs assessment survey was completed in March 2001 and of the 159 surveys distributed, 75 percent were returned. The survey included questions regarding wastewater needs. The responses indicated that 83 percent would be in support of using local funds or resources to make improvements or expand public facilities, and 97 percent would be supportive if state or federal funds were used. However, the MDOC reviewer noted that the proposed improvements were not identified by the survey's respondents as part of their highest needs for public facilities. The Town also adopted a CIP in April of 2001, and the proposed project is consistent with the CIP.

Project No. 37 Pondera County – Bridge System Improvements

This application received 3,168 points out of a possible 4,900 points and ranked 37th out of 55 applications in the 2003 recommendations to the Legislature. The applicant's bridge levy is .07 percent of MHI, which is greater than the statewide median. **MDOC recommends the requested TSEP grant of \$137,500.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$137,500	Awaiting the decision of the Legislature
Applicant	Cash	\$137,500	Committed
Project Total		\$275,000	

Median Household Income:	\$23,533	Total Population:	6,433
Percent Non-TSEP Matching Funds:	50%	Number of Households:	2,246

Project Summary

History - The County has identified one bridge that is in critical condition and in need of replacement. The Theatre #1 Bridge is a 53' timber structure constructed in 1960, and no major improvements to the bridge have been made in recent years. It crosses the Pondera Coulee drainage just outside the city limits on the south side of Conrad. The road that this bridge is on serves as a primary truck route for agriculture use and is heavily used. However, trucks are forced to use an alternate route due to the low load limit imposed on the bridge. Although the alternate route is only about four miles longer, the detour route is through the main street in Conrad and also involves over two miles of gravel road. The excessive amount of truck traffic on the gravel road results in increased road maintenance for the County, as well as being a dust nuisance. In addition, the County is concerned about trucks that exceed the posted weight limit, that continue to cross the bridge.

Problem - The Theatre #1 Bridge has a sufficiency rating of 51.5. Deficiencies include:

- ☐ rotting wood in general,
- ☐ stringers are checking (cracking),
- ☐ columns are rotting and checking at the water line, and
- ☐ deck is sagging.

Proposed Solution - The proposed project would replace the bridge with a new single-span bridge using precast/prestressed concrete bulb-tee beams for the superstructure.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge system are likely to occur in the long-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence after chronic exposure, and a moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact.

Rationale: The MDOC review engineer noted that the bridge has an NBI sufficiency rating of 51.5 and the lowest appraisal rating is a three.

Statutory Priority #2: Reflects greater financial need.

The applicant received 648 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 34th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 36 percent. **The relative concentration of persons living at or below the LMI level ranked 36th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 17.5 percent. **The relative concentration of persons living at or below the Poverty level ranked 13th out of the 55 applications.**

Indicator #2. Financial Analysis: The applicant placed in the 4th quintile and received 720 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.07%
Bridge levy as it relates to the state median of .04 percent	175%
Entire levy as a percent of MHI	2.74%
Entire levy as it relates to the state median of 2.78 percent	99%
2001 mill value as a percent of 1986 mill value	60%
2001 bridge mills as a percent of 1986 bridge mills	271%
Ratio of 2001 bridge levy to 1986 bridge levy	162%

The financial analysis was scored a level four because it appeared that the County has made significant financial efforts to fund its bridge system compared to the other TSEP bridge applicants and

relative to the County's size, population, and financial capacity. In 2001, the County's bridge levy as a percentage of the MHI was .07 percent, which is significantly higher than the state median. This was accomplished even though the value of the County's mill decreased considerably since 1986.

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. While the PER is generally complete, there were some potentially important issues that were not adequately addressed. However, it does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that while the PER is generally complete, there were some potentially important issues that were not adequately addressed. The PER did not adequately discuss the causes of the low load rating, or explore what it would take to rehabilitate the bridge to raise the load capacity. The PER simply stated that it is not feasible to retrofit the existing bridge to accommodate the current load demands of the truck traffic. The PER further stated that if the bridge is not replaced it would need to be repaired, but that this option is not cost effective. However, there was no analysis or explanation of why it would not be cost effective to repair the bridge rather than replace it.

Of greatest concern to the team of review engineers was that in the discussion of the general design requirements, the rationale for increasing the bridge size was not adequately discussed. There was some reference to improving the hydraulic capacity of the bridge, but no hydraulic calculations or direct discussion of increasing the width and span. If the bridge span was reduced to 60' or less, the option of using less costly precast/prestressed concrete tri-deck members for the superstructure becomes feasible. This type of superstructure was not explored in the alternatives analysis.

There was also no detailed narrative describing the specific elements of the bridge. In the discussion of the impact on public and emergency services, there was no documentation from service providers with specific comments on how the problems with the bridge affect them.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the County is currently levying 10.82 mills (\$143,387) per year for bridge funding. It is in the process of spending almost \$26,000 in local funds to repair three other bridges in the area, and over the last three years has spent \$43,020 for bridge replacement and repairs. The County has a joint road/bridge capital improvement fund.

In preparation of the TSEP application, the County completed a bridge inventory and evaluation, and a bridge CIP. The County has 23 bridges under 20' and has estimated it would cost \$1,550,000 to repair or replace them. The County has recently been granted funds through MDT Bridge Replacement funding for two other bridges. A priority list was given to the MDT to request funding, and the County successfully received funding for repair of these remotely located bridges. The County has been very committed to providing quality public facilities, particularly in light of the small tax base. A large amount of money has been invested in the community hospital, as well as in road maintenance equipment and extensive bridge studies.

The deterioration of the bridge is a result of age, overuse after the development of a major grain

processing plant, and antiquated construction practices that resulted in a bridge that cannot support modern semi tractor-trailers. The structure has simply exceeded its useful life and must be replaced.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of the TSEP grant in combination with local funds. The applicant stated that the only two funding sources for this project are local funds and TSEP funds. The applicant discussed various other funding sources that the County has utilized in the past, but did not feel that any of them were an option for this project.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level three and received 300 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities, and cited various businesses that would benefit by the proposed improvements. However, the applicant did not reasonably demonstrate that the proposed project would directly result in the expansion of a specific business, or the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the bridge system. The proposed improvements should maintain and possibly add to the tax base if any business expansion occurs.

Rationale: The applicant stated that the proposed project could potentially impact Montana Specialty Mills (MSM), which grosses an average of \$3.5 million annually and provides an average of 20 full-time jobs and even more part-time jobs on a seasonal basis. Many of the grain trucks originate from Canada. The applicant stated that not replacing the bridge could result in a decreased amount of business done by MSM, thus resulting in the loss of jobs. Replacing the bridge may result in expansion of MSM. The MDOC reviewer noted that no documentation was included in the application to substantiate these statements regarding how the status of the bridge would impact MSM, and the applicant also stated that such expansion was very difficult to quantify.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project is a high priority and has community support. The applicant documented that it held at least one public hearing or meeting, and has sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household.

Rationale: The applicant stated that the County solicited input on the proposed project during a public hearing held at the county commissioner's office on April 26, 2002 at 10:00 am. No increase in taxes is required to fund the proposed project. The applicant stated that there was no stated opposition to the project at the public hearing. The MDOC reviewer noted that the only documentation about the meeting was a notice in the local newspaper. Letters of support for the project were received from several businesses, the Conrad Chamber of Commerce, and the City of Conrad. The County has recently developed and implemented a bridge CIP.

Project No. 38
Black Eagle Water District – Wastewater System Improvements

This application received 3,084 points out of a possible 4,900 points and ranked 38th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$214,200.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$214,200	Awaiting the decision of the Legislature
RRGL	Grant	\$50,000	Awaiting the decision of the Legislature
Applicant	Cash	\$164,200	Committed by resolution
Project Total		\$428,400	

Median Household Income:	\$20,035	Total Population:	914
Percent Non-TSEP Matching Funds:	50%	Number of Households:	427

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$19.00	-	Target Rate:	\$33.06	-
Existing Wastewater Rate:	\$16.50	-	Rate With TSEP Assistance:	\$35.50	107%
Existing Combined Rate:	\$35.50	107%	Rate Without TSEP Assistance:	\$38.84	117%

Project Summary

History – The District contracts with the City of Great Falls for treatment of the District's sanitary sewage and for providing their domestic water supply. The District owns and maintains the wastewater collection and drinking water distribution systems. The wastewater collection system consists primarily of 1920s era clay tile sewer mains, and brick and hand-formed concrete manholes.

Problem – The District's wastewater system has the following deficiencies:

- ☐ occasional backups in sewer mains resulting in raw sewage backing up into basements of homes,
- ☐ ungasketed clay tile pipe allows leakage, inflow, infiltration and root problems,
- ☐ crumbling manholes, and
- ☐ haphazard system connections and extensions.

Proposed Solution - The proposed project would:

- ☐ clean and video inspect the system,
- ☐ replace approximately 3,920' of 8" and 12" sewer main, and
- ☐ replace six manholes.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system are likely to occur in the long-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence after chronic exposure, and a moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact.

Rationale: MDOC review engineer noted that the existing sewer collection system has experienced occasional sewer backups in recent years due to blockages in the sewer mains. Furthermore, the majority of the existing sewer mains are older clay tile, and have significant leakage and I&I potential. There are also several mains in the system that are not installed to minimum recommended grades, or were installed with "humps" or "bellies" between manholes. The health treats due to back-ups to date have been minimal; however, until the problem mains are repaired or replaced, the potential for further health hazards will continue.

Raw sewage has backed up into basements of residences at least three times in recent years, as well as one instance where a surcharged manhole resulted in raw sewage being released on a public street. Although there are no documented illnesses with these events, property damage was suffered. At least one of the backups was caused by a blockage in the sewer main, while the cause of the other backups is unclear. If the backups continue, there is potential for public health problems in the form of diseases or illnesses for people who may come into contact with the raw sewage. The degree of seriousness of public health problems will depend entirely on the number of backups that may occur.

Statutory Priority #2: Reflects greater financial need.

The applicant received 504 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 4th quintile and received 720 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 17th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 51 percent. **The relative concentration of persons living at or below the LMI level ranked 9th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 16.7 percent. **The relative concentration of persons living at or below the Poverty level ranked 17th out of the 55 applications.**

Indicator #2. Financial Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER is generally complete and there are only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the applicant has proposed an appropriate, cost-effective technical solution. By using open-dig installation in some locations, and trenchless sewer main lining in others, the project as proposed is very cost-effective. The PER was technically sound, with the exception of some cost estimate inconsistencies.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has had reasonable operation and maintenance budgets and practices, and has generally attempted to maintain the system in proper working condition.

Rationale: The applicant stated that the District has been proactive in its repairs of the system as major issues arise. However, MDOC reviewer noted that the applicant did not discuss any previous capital improvement projects related to the wastewater collection system. A concerted effort has been made to build reserves to allow for this project and the complete renovation of all problem areas within the system. User charges have been in place to build this reserve and allow the system to be renovated with no additional charges to the users. The District has been operating above the combined target rate in anticipation of the project. The proposed project is consistent with the District's wastewater PER. The District is also completing a water PER. Those are the only two facilities the District is currently responsible for. The District also works closely with the City of Great Falls regarding treatment and the District's costs to the City for that treatment. The collection system is the high priority of the District.

The MDOC review engineer noted that the District is responsible only for the collection system and discharges to the City's treatment system. It appears that maintenance of the District's portion of the system has been limited, but in general, O&M is adequate.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with local reserves. The applicant stated that Cascade County is submitting an application to CDBG for a different project, which ruled them out as a sponsor. RUS and SRF were discussed, but

the applicant felt that reserves could be used instead of incurring debt. The applicant stated that the District would evaluate utilizing further reserves if they do not receive the RRGL grant, but are hesitant to deplete them beyond what is already committed. The applicant stated that the project would not move forward if TSEP funds were not awarded.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project would not directly result in the creation or retention of jobs, nor would it directly result in a business expansion. However, the project would enhance infrastructure, which is a prerequisite to attracting businesses and therefore increasing the tax base.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project is a high priority and has community support. The applicant documented that it held at least one public hearing or meeting, and has sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household.

Rationale: The applicant stated that the District conducted a public hearing in April of 2002 at the community center in Black Eagle. The affidavit of publication, sign-in sheet, and minutes were included in the application. No impact of rates is anticipated, and therefore, no public opposition surfaced. The brief minutes stated that no one spoke in opposition, and the comments received were in favor of the project, although no direct quotes were included. The MDOC reviewer noted that only five people attended the meeting that were not officials with the District or otherwise associated with the project. The District has not completed a CIP, however it has completed a PER for the wastewater system and is having one prepared for the water system, which in the case of Districts can provide the same information that a CIP would.

Project No. 39
Lake County Solid Waste District – Solid Waste System Improvements

This application received 3,084 points out of a possible 4,900 points and ranked 39th out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature
InterCap	Loan	\$640,182	Will apply for when necessary
Applicant	Cash	\$1,056,818	Committed
Project Total		\$2,197,000	

Median Household Income:	\$19,755	Total Population:	26,507
Percent Non-TSEP Matching Funds:	77%	Number of Households:	12,936

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Solid Waste Rate:	\$8.58	145%	Target Rate:	\$5.93	-
			Rate With TSEP Assistance:	\$8.58	145%
			Rate Without TSEP Assistance:	\$8.97	151%

Project Summary

History – The District has operated the solid waste collection and disposal system in Lake County since 1972. There are multiple green box sites where residents dispose of trash. On a regular schedule the waste is collected and transported to the landfill near Polson. The landfill is a Class II facility and currently meets DEQ operating requirements.

Problem - The District's solid waste system has the following deficiencies:

- ☐ disposal space in the existing landfill is projected to be gone by 2005,
- ☐ the landfill is located in a geologically unstable area, and
- ☐ DEQ regulations for seismic mitigation make expansion at the existing landfill site infeasible.

Proposed Solution - The proposed project would construct a transfer station in order to transport solid waste to Missoula.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the solid waste system are likely to occur in the long-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence after chronic exposure, and a

moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact.

Rationale: The MDOC review engineer noted that Lake County has an operational landfill with additional land for expansion beyond the currently licensed area. However, it has been determined that the licensed facility will be at capacity in less than three years. Planning for that eventuality, the District submitted an application to DEQ to expand the area in 1998. The DEQ has raised concerns regarding the dangers present at the present landfill site, and will not, for both health and safety reasons, allow an expansion at that location. Both state and federal rules require that landfills be built with a composite liner of both clay and synthetic barriers, with a leachate collection system to prevent impacts to the waters beneath and around the proposed landfill site. The regulations also require new landfill designs in areas known as seismic impact areas to be able to demonstrate the ability of engineered liners, leachate collection systems and surface water controls to withstand the acceleration or movement caused by a substantial earthquake in the region. Costs of constructing and expanding the landfill to comply with the seismic requirements would be extreme, and the potential post closure costs to maintain a fund for mitigation in the event of a liner failure during a seismic event would also be very large.

The MDOC team of consulting engineers concluded that the facility's inability to expand due to the health and safety concerns of DEQ associated with the site and its seismic limitations represents a long-term concern if the deficiencies are not corrected. The proposed transfer station represents an appropriate solution to the identified problem of solid waste management within the District's service area. It was adequately demonstrated that expansion would be cost-prohibitive, and licensing a new or expanded facility could not now be completed in the next three years.

Statutory Priority #2: Reflects greater financial need.

The applicant received 684 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 14th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 45 percent. **The relative concentration of persons living at or below the LMI level ranked 12th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 21.4 percent. **The relative concentration of persons living at or below the Poverty level ranked 7th out of the 55 applications**

Indicator #2. Target Rate Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level two and received 320 points out of a possible 800 points.

Conclusion: The applicant weakly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER was incomplete and there were some significantly important issues that were not adequately addressed, which raised serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that it was the County's initial desire to simply expand the existing landfill, which, according to the expansion application, would have extended the life of the facility some fifty years. The County's application to expand and continue to use the landfill was denied by DEQ, forcing the County to evaluate other limited alternatives. Once a transfer station method of solid waste management was selected no further analysis was performed. While the transfer station solution is the only reasonably feasible option available to the County for the disposal of the solid waste, the team of review engineers concluded that the PER was incomplete and there were some potentially significant long-term issues that were not adequately addressed.

The PER contains information for only the proposed solution and does not include other important information. The PER lacks an adequate alternatives analysis related to the siting of the facility, equipment selection, transportation options and suitability, environmental impact, cultural resource inventory, and operational safety. The selected alternative was not thoroughly analyzed; there was no proposed operating budget or fee schedule provided in the PER, it did not thoroughly address transportation impacts from the transfer station, and there was no present worth analysis provided.

It is unclear whether the applicant adequately assessed the potential environmental impacts. The new transfer station, rather than presenting new environmental problems, resolves the existing environmental problems associated with the landfill site. Closure and post-closure costs and potential future environmental problems associated with future management of the existing landfill could still be significant.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that rate increases have occurred seven times since 1971, the last being in 1998 for an anticipated expansion. The District has made every effort to conduct long-term planning as evidenced by the long-term compliance with regulatory requirements, and the fact that the District has no debt. Financially, the District is sound and has adequate levels of reserve funds as demonstrated by its use of reserves for matching funds.

The County has drafted a growth policy, and public facilities ranging from transportation infrastructure to solid waste are addressed in the policy. The draft growth policy was written in September of 1999, prior to knowledge of the seismic dangers of the existing landfill and the subsequent denial by DEQ of the expansion license. The draft growth policy will likely be amended prior to its adoption to reflect the change in direction taken by the County with respect to the transfer station. The CIP, dated April 30, 2002, covers solid waste, water, and wastewater needs throughout the County.

The need for the new transfer station has nothing to do with operation and maintenance issues, but is a direct result of the inability of the existing landfill to be expanded due to environmental constraints. The County initiated the planning for the expansion in advance of the time the existing landfill would be full. The current situation and severity of the need is the result of conditions that could not have

been foreseen by the applicant. The solid waste board and county commissioners have been proactive by addressing needs before a crisis developed.

The MDOC review engineer noted that it appears that the District's O&M practices are good and it is maintaining a reasonable level of investment in the system, based on conversations with DEQ.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP grant in combination with an InterCap loan and local reserves. The applicant stated that in order to maintain reserves at an appropriate level and user fees at their current level the only other program that has the ability to fund solid waste is RUS. The applicant stated that it contacted RUS about a loan, but the District did not feel the RUS funds were feasible unless the TSEP application is not successful. Other funding sources were discussed, but none of them appeared to be suitable for the project.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the solid waste system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that no jobs or businesses would result from the proposed project. However, the fact that all forms of refuse would be able to be accepted would encourage relocation and business development. The stable rate will also encourage business development.

The project would result in an increase to the tax base of Missoula County, since Lake County's solid waste would now be deposited in the landfill in Missoula. That landfill is owned by BFI, which is a private, tax paying company.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project is a high priority and has community support. The applicant documented that it held at least one public hearing or meeting, and has sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household.

Rationale: The applicant stated that the District holds publicized monthly meetings, and a public hearing on this project was held on April 30, 2002. Two hearings were held for a recently completed CIP. Minutes were provided for several meeting over the past three years; however, the MDOC reviewer noted that the most recent minutes were for February 19, 2002. At that meeting TSEP was briefly mentioned as

a possible source of funding, but no further information regarding TSEP and the proposed project was provided after that date. The application included five news articles about the landfill problems and the proposed project. The applicant stated that no adverse comments have been received.

Project No. 40 Sheridan County – Bridge System Improvements
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This application received 3,028 points out of a possible 4,900 points and ranked 40th out of 55 applications in the 2003 recommendations to the Legislature. The applicant's bridge levy is .08 percent of MHI, which is greater than the statewide median. **MDOC recommends the requested TSEP grant of \$210,775.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$210,775	Awaiting the decision of the Legislature
Applicant	Cash	\$210,775	Committed
Project Total		\$421,550	

Median Household Income:	\$20,728	Total Population:	4,105
Percent Non-TSEP Matching Funds:	50%	Number of Households:	1,741

Project Summary

History - The County has identified eight bridges that are in critical condition and in need of replacement:

- ☐ Rovig Bridge was built in 1930 and is located approximately two miles south of the Canadian border on the Big Muddy Creek. The structure is single span bridge 15' wide by 30' long, with a laminated wood deck attached to steel stringers and concrete abutment walls. The bridge is the only route to the Rovig farmstead, as well as to two oil wells. The ADT is over 100 units with three percent trucks. Modifications to the bridge have been very minor, consisting of replacement of random deck planking.
- ☐ East Twin Bridge was built in 1950 and reconstructed in 1975. The structure is 20' wide by 32' long, with wood laminated deck over steel superstructure and concrete/steel substructure. The East Twin Bridge services agriculture farm/ranch land and oil-field activity, as well as being a fire department route.
- ☐ Dale Drawbond Bridge was built in 1950. The wood structure is a double span structure, 20' wide by 38' long. Bridge is an only access to one resident and area farmlands.
- ☐ Eagle Creek Bridge was constructed in 1950, modified in 1964. The bridge is a double span structure, 24' wide by 43' long, with laminated wood deck. As the main road in the area, this structure provides access as a bus, mail and fire route.
- ☐ Don Johnson Bridge was built in the 1930s as part of a Works Progress Administration (WPA) project. The structure is a double and single stringer that is 20' wide by 12' long. It has a single layer wood deck with no runners and rock back walls. The bridge is utilized as a farm-to-market road, as well as fire, bus and mail route.
- ☐ East and West Orvis Nelson Bridges were constructed in the 1930s as part of a WPA project. The structures are both 24' wide by 12' long and have a low weight limit. They are on a farm-to-market road, as well as fire, bus and mail route.
- ☐ North Dagmar Bridge is a 24' wide by 20' long structure constructed of wood and cement. It is used as a farm-to-market road, as well as fire, bus and mail route.

Problem – The County's eight bridges have the following deficiencies:

- ☐ Rovig Bridge has a sufficiency rating of 7.8. Deficiencies include:
 - timber back walls at the end of the stringers are rotted through, allowing backfill to slough in the stream channel, and

- abutments are scaled severely with large portions of concrete missing, exposing rebar and steel piling.
- ☐ East Twin Bridge has a sufficiency rating of 35.8. Deficiencies include:
 - horizontal bowing of steel girders,
 - scaled concrete abutments,
 - the northeast deck and superstructure has lifted nearly two feet higher than the abutment wall.
- ☐ Dale Drawbond Bridge has a sufficiency rating of 36.7. Deficiencies include:
 - wood components of the bridge are weathering and cracking,
 - broken wood girders,
 - rotting timber columns,
 - weathered abutments, and
 - no guard rails.
- ☐ Eagle Creek Bridge has a sufficiency rating of 48.0. Deficiencies include:
 - the pier of the bridge has been damaged by ice flows during spring runoff, and moderate to heavy scaling is evident on the concrete below the normal water line.
- ☐ Orvis Nelson East and West Bridges and the Don Johnson Bridge did not have sufficiency ratings computed. Deficiencies include:
 - timber components are in an advance stage of distress, and
 - stone abutment walls no longer have the necessary grout used to secure the rocks in place.
- ☐ South North Dagmar Bridge did not have a sufficiency rating computed. Deficiencies include:
 - two of the timber pilings are broken and show evidence of rotting,
 - excessive cracking was detected on two of the twenty-two stringers, as well as the timber pile cap.

Proposed Solution - The proposed project would replace all eight bridges with the following types of structures:

- ☐ Eagle Creek and Drawbond Bridges: concrete tri-deck, steel pile and concrete abutments, and
- ☐ Orvis Nelson (West and East), Don Johnson, South-North Dagmar, Rovig and East Twin Bridges: pre-cast concrete box culverts.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge system are likely to occur in the long-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence after chronic exposure, and a moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact.

Rationale: The MDOC review engineer noted that the Dale Drawbond Bridge has an NBI sufficiency rating of 36.7 and the lowest appraisal rating is a two; the Eagle Creek Bridge has an NBI sufficiency rating of 48 and the lowest element condition rating is a four; the Rovig Bridge has an NBI sufficiency rating of 7.8 and the lowest element condition rating is a three; the East Twin Bridges has an NBI sufficiency rating of 35.8. The Orvis Nelson East, Orvis Nelson West, Don Johnson and South North Dagmar Bridges were not inspected in accordance with NBI guidelines and a sufficiency rating was not generated. Since there was inadequate information upon which to score the four bridges, they were assigned a level one. The two level five bridges (Dale Drawbond and East Twin) make up 20.3 percent of the cost of the total project, the two level four bridges (Eagle Creek and Rovig) 51.2 percent, and the four level one bridges (Orvis Nelson East, Orvis Nelson West, Don Johnson, and South North Dagmar) 28.4 percent. After weighting each individual bridge project based on the score level and the percentage of total costs each represents, a level three was assigned to the total project.

Statutory Priority #2: Reflects greater financial need.

The applicant received 828 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 4th quintile and received 720 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 20th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 43 percent. **The relative concentration of persons living at or below the LMI level ranked 16th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 16.2 percent. **The relative concentration of persons living at or below the Poverty level ranked 22nd out of the 55 applications.**

Indicator #2. Financial Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.08%
Bridge levy as it relates to the state median of .04 percent	200%
Entire levy as a percent of MHI	2.07%
Entire levy as it relates to the state median of 2.78 percent	74%
2001 mill value as a percent of 1986 mill value	10%
2001 bridge mills as a percent of 1986 bridge mills	524%
Ratio of 2001 bridge levy to 1986 bridge levy	50%

The financial analysis was scored a level five because it appeared that the County has made outstanding financial efforts to fund its bridge system compared to the other TSEP bridge applicants and relative to the County's size, population, and financial capacity. In 2001, the County's bridge levy as a

percentage of the MHI was .08 percent, which is two times the state median. This was accomplished even though the value of the County's mill has decreased significantly since 1986. The County has increased the number of bridge mills considerably in order to maintain a high level of support for its bridge system.

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level two and received 320 points out of a possible 800 points.

Conclusion: The applicant weakly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The preliminary engineering report was incomplete and there were some significantly important issues that were not adequately addressed, which raised serious questions regarding the appropriateness of the solution selected by the applicant

Rationale: The MDOC review engineer noted that the overall the PER was very brief and lacked much of the necessary detail to convey the seriousness of individual bridge deficiencies and to quantify the proposed improvements. The individual responses to each item and sub-item were quite brief and not sufficiently detailed to clearly discuss and/or document the information asked for. In many instances, information contained in the PER conflicted with itself or supporting documentation. The PER did not contain all the information as required and lacks supporting documentation. While there were numerous deficiencies with the PER that could be cited, the most noteworthy were the lack of sufficiency ratings for four of the bridges, no alternatives analysis, and the inadequate description of the proposed solution.

Four of the bridges were inspected and evaluated by the applicant's engineer. However, the engineer used the firm's own evaluation system rather than following the *TSEP Application Guidelines*, which state "Bridges that have not been rated by MDT will need to be inspected, evaluated and rated. The rating must be based on the same methodology that MDT uses to rate bridges. Bridge inspection and the rating of bridges should be performed by individuals that have taken and passed the FHWA bridge inspectors training, or by engineers that have sufficient experience in the inspection and engineering of bridges and are approved by MDT." No documentation, such as a completed MDT inspection or sufficiency rating form, was provided. Not only is an alternative system not acceptable, but the engineer's alternative evaluation system was not even adequately explained. A related concern was the lack of a load analysis for these four bridges. The inventory rating (load capacity) of the structures is an important part of the sufficiency rating calculation, as well as the need and urgency for bridge replacement.

In addition, a detailed alternative analysis was not presented. Rather, the section titled "Alternate Analysis" summarized the proposed alternate only. The description of the proposed alternative was very brief and did not include discussion on the foundation or substructure. Notably missing was a discussion of the rationale for how the culverts and bridges were sized. Although the drainage area was calculated, a sizing calculation for flow was not provided, a hydraulic analysis was not presented, nor was the need for one discussed. Another noted concern was the lack of mention of the need for a geotechnical analysis of any of the options. While geotechnical investigations and design need not be performed at this preliminary stage of the process, the issues should be discussed and a geotechnical analyses planned for during final design.

It also does not appear that the applicant adequately assessed the potential environmental impacts. The brevity of the PER resulted in the omission of much information necessary to sufficiently demonstrate an appropriate, cost-effective technical design that would provide a thorough, long-term solution to its public facility needs.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level two and received 280 points out of a possible 700 points.

Conclusion: The applicant inadequately demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the Great Northern Development Corporation (GNDC), of which Sheridan County is a member, conducted a community needs assessment for its five-county district 1997. The assessment consisted of 36 questions and was either mailed or hand delivered to approximately 13,000 households. An estimated 1,062 returned survey forms were necessary to ensure a valid response, and GNDC received and tabulated 1,495 surveys. The MDOC reviewer noted that the needs assessment was only concerned with housing needs and did not comprehensively address the other needs of the county.

The applicant stated that the results of the assessment played an important role in the preparation of the region's comprehensive economic development strategy (CEDS). The County has utilized the CEDS as a valuable source of information to develop its long-term comprehensive plan.

Another of the County's major accomplishments has been an adoption of a comprehensive plan. In July 1983, the County adopted the comprehensive plan as a guide for future scheduling and financing of improvements to public facilities, housing and economic development. The applicant stated that the plan is updated annually, and 19 years later, this long-range comprehensive plan remains the County's most referenced document.

The MDOC reviewer noted that the comprehensive plan found in the application was dated 1983, but there was no evidence of it being updated. There were annual planning reports for 2000 and 2001 included in the application, which described the planning activities of the past year. It was also not possible to determine if the comprehensive plan met the current statutory requirements for a growth policy, which is now required by statute.

In 2001, the County began to invest significant time and energy in dealing with its public facility problems, specifically in providing a safe road and bridge network. The result of those efforts was the creation of a road and bridge advisory board. As a result, the County has started to deal with road and bridge problems through a long-term commitment to capital improvement planning and budgeting. This commitment has enabled the County to complete projects by not only targeting funding from outside funding sources, but also by utilizing local resources to the maximum advantage. The County purchased seven 160H Caterpillar motor graders using 90 percent of their local vehicle option tax. The total cost of the machines was \$1.6 million. Since 1999, the County has repaired or replaced 17 bridges at a total cost of approximately \$74,000.

The applicant stated that the County has been compiling information for a CIP, has inventoried bridge network including bridges under 20', and has prioritized structures according to public health and safety needs. However, it was not clear to the MDOC reviewer how the County prioritized its bridge structures; there was no information included in the application describing that process or specific criteria used to prioritize bridges. In addition, as already discussed in Statutory Priority #3, at least four bridges were not assessed using MDT methodology or had sufficiency ratings computed for them. The applicant's engineer stated that there was no data available. As a result, it was not clear how bridges under 20' were evaluated, or how the engineering firm's own rating system is computed for bridges that have not had a sufficiency rating computed by MDT.

The MDOC review engineer noted that it appears that the County's O&M practices related to its bridge system are good. The review engineer was also surprised that the County has the capability to perform its own bridge construction given its size and population.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local

government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant in combination with local reserves. The applicant looked at all of the federal programs, MDT programs, local financing tools and debt financing possibilities. The applicant stated that after taking a comprehensive look at its capacity to pay for the desired improvements locally, as well as to outside funding sources, it was determined that the financial strategy best suited for the proposed project was for the County to provide the match by utilizing the local vehicle option tax and reserves from the County's bridge budget. Without TSEP involvement, the proposed project would be placed on hold until TSEP funds become available in 2004.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the bridge system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that there would be no long-term jobs created or retained as a result of the project, and no business expansion is expected. However, the applicant stated that the proposed project does have an impact on the County's ability to retain jobs. The agricultural industry relies on contemporary farm equipment to increase production. With the eight bridges' inability to withstand the weight and width of most modern-day machinery, area farmers lose a competitive edge because of the expense and time to travel a longer alternative route. This loss of income is especially prevalent during the harvesting season. Other businesses (i.e. oil field industry) also need a safe transportation network that is able to sustain the weight and width of contemporary machinery/equipment. These businesses will have the opportunity to cut operating costs, specifically travel expense, which, in turn, streamlines productivity and reduces the risk of employee lay-offs.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that a public hearing was held on April 8, 2002. A public notice was published in the *Sheridan County News*. Posters were placed in seven post offices, restaurants in Westby and Medicine Lake, in the city hall of three towns and the county courthouse. The County also notified road board members by letter of the public hearing by enclosing a copy of the poster informing them of the date, time and location. The public hearing was scheduled at 6:00 p.m, as well as held at a location that ensured residents, especially the working population, were provided an opportune time and accessible site to discuss the proposed project. The *Sheridan County News* featured an article that

explained the proposed project. A copy of the affidavit of publications, poster minutes, attendee lists, and the news article was included in the application. The public was informed that it is not anticipated that any increases in taxes, special assessments or user charges will result from the proposed project.

No objections to the project were raised during the hearing, which was attended by nine county residents, the county commissioners, an employee of the public works department, the project engineer and grant writer. During the public hearing, one county resident demonstrated his support for the proposed project by donating the soil needed to replace the Orvis Nelson West and East Bridges, and stated that his neighbor had also agreed to donate the soil necessary for the replacement of these two bridges. Letters of support were received from the Medicine Lake Fire Department and three county residents.

A local citizen that attended the hearing did raise a concern to the feasibility of including the Shoal Bridge as part of the proposed project. The person questioned the need to replace this bridge because the structure is located on a trail and traffic is very minimal. As a result of this concern, the importance of this structure to the functionality of County's road system was re-evaluated, and it was decided to exclude the Shoal Bridge from the proposed project.

The County has also inventoried the County's bridge network including bridges under 20', and has prioritized structures according to public health and safety needs. All eight bridges selected for the proposed project were given top priorities because of the need to resolve public safety hazards. However, as stated earlier, it was not clear how bridges under 20' were evaluated, or how the engineering firm's own rating system is computed for bridges that have not had a sufficiency rating computed by MDT. It was also not clear how the County prioritized its bridge structures. It was stated that it is done in accordance with public health and safety needs; however, there was no information included in the application describing that process or specific criteria used to prioritize bridges.

Project No. 41
City of Whitefish – Water System Improvements

This application received 2,992 points out of a possible 4,900 points and ranked 41st out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends the requested TSEP grant of \$500,000 contingent upon TSEP funds becoming available.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting the decision of the Legislature
RRGL	Grant	\$ 100,000	Awaiting the decision of the Legislature
SRF	Loan	\$ 547,300	On the priority list, will apply when needed
Applicant	Cash	\$ 146,682	Funds committed, partially expended
Project Total		\$1,293,982	

Median Household Income:	\$ 21,569	Total Population:	5,032
Percent Non-TSEP Matching Funds:	61%	Number of Households:	2,336

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$28.81	-	Target Rate:	\$35.59	-
Existing Wastewater Rate:	\$23.76	-	Rate With TSEP Assistance:	\$53.87	151%
Existing Combined Rate:	\$52.57	148%	Rate Without TSEP Assistance:	\$54.94	154%

Project Summary

History – Separating the City north to south is an extensive railroad yard with 13 sets of tracks at its widest area. This railroad yard has documented soil and groundwater contamination. Test results from this area show elevated levels of diesel fuel products. The majority of the City's population lies south of the railroad tracks and is relying on two transmission mains for water. One of the transmission mains is over eighty years old and has a history of leaks.

Problem - The water system has the following deficiencies:

- ☐ one of the two main crossings that connect the north and south portions of the system has a history of leaks,
- ☐ during leak repairs, the supply capacity to the south part of the system is limited, and
- ☐ there is the potential for diesel fuel contamination in the water system during leak repairs.

Proposed Solution - The proposed project would install approximately 3,700' of 18" pipe, which would extend beneath the Whitefish River and cross under the railroad tracks through an existing 20" casing to connect the City's north and south service areas.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level two and received 400 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system may potentially occur at some point in the future if the deficiencies are not corrected. The deficiencies, and associated potential public health and safety problems, are not considered to pose a serious threat to public health or safety.

Rationale: The MDOC review engineer noted that 80 percent of the water distribution system is located to the south of the BNSF railroad yard, while the community's water supply is located on the north side of the tracks; these two areas are connected by two transmission mains. The railroad yard has documented soil and groundwater contamination. The 12" transmission main is over 80 years old and has a history of leaks. Diesel contamination could potentially enter the water system during the repairs of the leaks. As the frequency of the leaks increases, the potential for contamination entering the water system increases. During repairs to the main, or if the main were to fail, the southern portion of the City would only be served by the 8" main and would experience a reduction in water supply capacity and would not be able to meet fire flow needs. Serious problems have not been documented to have occurred yet, but may potentially occur at some point in the future if the deficiencies are not corrected.

Statutory Priority #2: Reflects greater financial need.

The applicant received 612 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 4th quintile and received 720 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 26th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 41 percent. **The relative concentration of persons living at or below the LMI level ranked 21st out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 16.5 percent. **The relative concentration of persons living at or below the Poverty level ranked 19th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER is generally complete and there were only minor issues that were not adequately addressed. The PER did not evaluate the water supply portion of the system. The PER did not adequately address the justification of costs for horizontal boring under the Whitefish River, or the breakdown of future and existing O&M costs. Finally, the analysis for selecting the preferred alternative was confusing relative to the comparison matrix.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that a user rate increase was adopted to fund the construction of the water treatment plant. The applicant included information relative to costs associated with repair and maintenance budgets for the last four years. The applicant has studied its water system extensively over the past six years. A water system master plan update was completed in 1996 and the distribution and storage system was studied in 2001, with additional evaluation of the distribution system in 2002. In 1982, an 8" slip lining was installed inside the existing 12" cast iron pipe to repair leaks at the second crossing. A new water storage tank was constructed in 1993 and a new water treatment plant was built in 1999. The applicant utilizes water meters to promote water conservation and will continue to require meters on all new hook-ups. A wastewater facility plan was completed in 1997 and improvements to the wastewater treatment facility are in progress to eliminate operation and capacity issues.

The MDOC review engineer stated that the O&M practices of the City appear to have been good. The City has been proactive in improving and maintaining the water system and revenues exceed expenses in the system to adequately fund O&M.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with an SRF loan and local reserves. The applicant stated that other potential funding sources include RUS and CDBG, but neither program is viable for the project based on population, income levels and scheduling.

When scoring the project, the ranking team was informed by RRGL staff that the City was below the funding line; therefore, the funding package appears to have become less viable.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that because of the water system limitations, residential and commercial development has stalled. Business expansion is limited to service areas with sufficient water supply. All recent planning documents consider this area to be the focus of future growth and much of the future business expansion is expected to occur south of the railroad tracks, within areas in need of additional distribution capacity. No specific businesses have requested tie-ins to the water system due, in part, to the known system limitations. As subdivision construction and urbanization of undeveloped areas take place, the property tax base will increase.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project is a high priority and has community support. The applicant documented that it held at least one public hearing or meeting, and has sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household.

Rationale: The applicant stated that a public hearing was held on April 15, 2002, at which user rate increases were discussed. The application included copies of the affidavit, meeting minute excerpts, and newspaper articles related to the project. The City stated that over the past six years it has completed a water master plan update, a wastewater facility plan, and a wastewater PER. This project was determined to be the highest priority for addressing the City's current public utility needs.

Project No. 42
City of Belgrade – Wastewater System Improvements

This application received 2,952 points out of a possible 4,900 points and ranked 42nd out of 55 applications in the 2003 recommendations to the Legislature. **MDOC recommends** the requested TSEP grant of \$500,000 contingent upon TSEP funds becoming available.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting the decision of the Legislature
EPA	Grant	\$1,935,700	Awarded
SRF	Loan	\$5,539,775	On the priority list, will apply when needed
Applicant	Cash	\$ 10,000	Committed
Project Total		\$7,985,475	

Median Household Income:	\$22,044	Total Population:	5,728
Percent Non-TSEP Matching Funds:	94%	Number of Households:	1,974

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$14.55	-	Target Rate:	\$36.37	-
Existing Wastewater Rate:	\$18.42	-	Rate With TSEP Assistance:	\$51.00	140%
Existing Combined Rate:	\$32.97	91%	Rate Without TSEP Assistance:	\$52.80	145%

Project Summary

History –The City's wastewater treatment system consists of two primary and two secondary facultative lagoon cells built in 1973, with a gravity collection system. Disposal is by evaporation and infiltration. Floating aerators and six infiltration/percolation (I/P) beds were installed as part of a recently completed project.

Problem - The City's wastewater system has the following deficiencies:

- ☐ lagoon has insufficient capacity,
- ☐ insufficient aeration in the lagoon, and
- ☐ main collection line is at or near capacity.

Proposed Solution - The proposed project would:

- ☐ reconfigure the lagoon cells, by combining cells three and four to make a new finishing cell,
- ☐ line the reconfigured lagoon cells,
- ☐ install aeration in cells one and two, and move existing floating aerators to the new finishing cell,
- ☐ install additional I/P beds, and
- ☐ replace 12" collection main with approximately 2,300' of 21" line.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system are likely to occur in the long-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems however have a high probability of occurrence after chronic exposure, and a moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact.

Rationale: The MDOC review engineer noted that the purpose of this project is to address the severe overloading that the wastewater facility has experienced as a result of community growth. Overloading has lead to operational problems, odor generation and poor quality effluent being discharged to groundwater. A violation letter issued in 1999 by DEQ disallows any further hookups to the existing system until the problems have been resolved. Serious public health and safety problems are likely to occur in the long-term if the deficiencies in the wastewater system are not corrected; however, they are not considered to be acute public health and safety problems. It could be argued that odor problems have occurred, yet it was not evident from the application whether the interim measures (installation of 20 floating aerators in the four treatment cells, and the installation of two sets of I/P beds) to control odors and reduce the need for emergency irrigation of partially-treated wastewater have corrected the odor problems.

Statutory Priority #2: Reflects greater financial need.

The applicant received 612 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 4th quintile and received 720 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 27th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 43.0 percent. **The relative concentration of persons living at or below the *LMI* level ranked 16th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 17.1 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 15th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. While the PER is generally complete, there were some potentially important issues that were not adequately addressed. However, it does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER was lacking a thorough evaluation of the existing system. However, the applicant provided adequate information to determine that it has proposed an appropriate technical design that should provide a long-term and complete resolution of the community's most pressing problems.

The primary deficiency in the PER was the lack of a clearly defined set of design parameters and a demonstration of how they will be met by the proposed facility. The PER was also lacking data to demonstrate that the proposed facility is properly sized and that it will provide long-term and dependable treatment capacity. Calculations showing lagoon volumes, detention time, oxygen transfer, mixing needs, lagoon sizing requirements, etc. would have been helpful.

The evaluation of the existing treatment system lacked a thorough assessment of organic/hydraulic overloading. Throughout the application, there is reference to overloading of the system and the resultant problems. However, there was inadequate information related to BOD loading, detention time, or effluent sampling to demonstrate this problem. The only data provided on existing system performance consisted of one sample taken in 1993, well before implementation of the recently completed improvements. The alternatives evaluation was also considered to be inadequate. The report stated that standards would be met, but there was no technical demonstration that the proposed project would meet the required design standards.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the City has provided adequate funding for the O&M of the system, but cannot address a project of this magnitude. The City has also experienced an increase of over 144 percent in population since the 1980s. The improvements to the wastewater facilities are the City's highest priority, and the City has recently completed interim improvements by installing floating aerators and six I/P beds. Water meters have been installed in all of the City's businesses and residences.

The City also completed a drinking water facility plan and a transportation plan in 2001. The city-county planning board completed an area plan in 1999, which the board plans to update soon. No documentation regarding any of these plans was included with the application.

Minutes from a city council meeting in 2000 showed that user charges were increased from a base rate of \$7.08 to \$15.90, plus an additional \$0.70 per thousand gallons over the 5,000-gallon minimum.

The MDOC review engineer noted that according to DEQ, the O&M practices of the City have been adequate. It appears that the City is maintaining a reasonable level of investment in its system.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and EPA grants in combination with an SRF loan and local reserves. If either TSEP or SRF funds are not received, the City will apply for RUS funds. The EPA grant has been approved pending the receipt of matching funds. The applicant noted the City does not meet the LMI threshold for CDBG funds and targeting is not possible. The City has requested additional funding (a STAG grant) from Montana's congressional delegation. The MDOC reviewer noted that RRGL funds were not discussed, but it does not appear that RRGL funds would be appropriate for this type of project.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the City currently does not have capacity in its wastewater storage and treatment facility to enable any additional business or residential development to connect to the City's system. DEQ issued a violation letter in 1999, which recommended the City not add any additional hookups until the improvements have been implemented.

The City has received requests from owners of existing commercial and residential properties for annexation and connection to city facilities. In particular, the City received a proposal for a 120 residential lot development located on property immediately adjacent to the City and existing residential subdivisions. The MDOC reviewer could not find documentation regarding this subdivision. However, an article in the June 15, 2000 edition of the *High Country Independent Press*, mentioned a 20-lot subdivision that was given preliminary approval, but cannot start until sewer capacity can handle the demand. Property owners on the South side of Interstate 90 have remained in contact with city officials regarding the availability of services in that area, in order to develop a subdivision of primarily commercial properties. The developers of the properties would finance extension of sewer lines, however, this cannot occur until the proposed improvements have been made. The addition of these properties would expand the tax base of the City and possibly provide additional job opportunities.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level two and received 160 points out of a possible 400 points.

Conclusion: The applicant inadequately demonstrated that the proposed project is a high priority and has the support of the community. The applicant documented the public was reasonably informed

about the proposed project.

Rationale: The applicant stated that discussions of possible increases in sewer rates were discussed at several city council meetings prior to October 2000, and one public hearing regarding the project on July 10, 2000. However, the City has not held any public meetings about the project since 2000. As a result, the applicant did not hold a public hearing within the 12 months prior to submitting the application as required by the *TSEP Application Guidelines*; however, it appeared that people were informed about the project at some point. Hearings were proposed as part of the 2002-2003 fiscal year budgeting process. The application contained minutes from several city council meetings concerning the wastewater treatment plan and the proposed project, but none since October 2000. The application also contained articles printed in the *High Country Independent Press* concerning the proposed project.

Minutes from a September 18, 2000 city council meeting showed that user charges were increased. The MDOC reviewer was not able to find documentation of any public meetings held since the fall of 2000 that would have informed citizens of the proposed increase in user charges.

No negative citizen comments were received when a *Finding of No Significant Impact* (FONSI) was published three different times in the local newspaper. City council minutes dating back to 1996 indicated a need for future expansion and spray irrigation, and that minutes from 1997 showed that the lagoon expansion was ranked as one of the City's highest priorities, along with the water system and city hall. Council minutes from 2000 indicated that the airport board voted to donate \$50,000 for aerators in the lagoon.

Project No. 43
Yellowstone County – Bridge Improvements

This application received 2,932 points out of a possible 4,900 points and ranked 43rd out of 55 applications in the 2003 recommendations to the Legislature. The applicant's bridge levy as a percent of MHI is less than the statewide median of .04 percent of the MHI, but after taking into consideration other factors, **MDOC recommends the requested TSEP grant of \$172,710 contingent upon TSEP funds becoming available.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$172,710	Awaiting the decision of the Legislature
Applicant	Cash	\$172,710	Funds committed
Project Total		\$345,420	

Median Household Income:	\$25,942	Total Population:	129,352
Percent Non-TSEP Matching Funds:	50%	Number of Households:	52,084

Project Summary

History – The County has identified one bridge that is in critical condition and in need of replacement. The Five-Mile Creek Bridge was built in 1937. In 1994, the north abutment of the bridge was repaired with underpinning. After the original guardrail collapsed, workers added a section of barrier beam to the south side. The deck has been resurfaced with asphalt many times.

Problem - The Five-Mile Creek Bridge has a sufficiency rating of 49.9. Deficiencies include:

- ☐ only one lane,
- ☐ poor alignment,
- ☐ dangerous approaches,
- ☐ inadequate sight distances,
- ☐ ineffective guardrail,
- ☐ worn decking, and
- ☐ abutments and curbs of the decking are crumbling.

Proposed Solution - The proposed project would replace the bridge with a new two-lane concrete bulb-tee bridge.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC review engineer noted that the Five Mile Creek Bridge has a NBI sufficiency rating of 49.9 and the lowest element condition rating is a four.

Statutory Priority #2: Reflects greater financial need.

The applicant received 432 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 42nd out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 37 percent. **The relative concentration of persons living at or below the LMI level ranked 29th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 12.1 percent. **The relative concentration of persons living at or below the Poverty level ranked 34th out of the 55 applications.**

Indicator #2. Financial Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.02%
Bridge levy as it relates to the state median of .04 percent	50%
Entire levy as a percent of MHI	3.28%
Entire levy as it relates to the state median of 2.78 percent	118%
2001 mill value as a percent of 1986 mill value	91%
2001 bridge mills as a percent of 1986 bridge mills	89%
Ratio of 2001 bridge levy to 1986 bridge levy	81%

The financial analysis was scored a level two because it appeared that the County has made less of a financial effort to fund its bridge system compared to the other TSEP bridge applicants and relative to the County's size, population, and financial capacity. The 2001 bridge levy as a percentage of MHI was only .02 percent, which was only 50 percent of the state median.

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. While PER report is generally complete, there were some potentially important issues that were not adequately addressed. However, it does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER was brief, and in several places not detailed enough to clearly evaluate the proposed project. As a result, there were some potentially important issues that did not appear to be adequately addressed. The description of each alternative was very brief, and did not include discussion on the substructure. The major concern with the proposed replacement structure was the lack of an adequate justification for the length and width of the structure. Notably missing from the PER was a discussion on the design criteria for hydraulic calculations, particularly the return event and the freeboard. As a result, sufficient information was not provided to document the rationale for the sizing of the bridge opening and establishing the structure width, as well as the vehicle or bicycle lane configuration.

Although the project cost estimates appear complete, no attempt was made to analyze life-cycle costs through a present worth analysis. The PER did not include some specific costs for the selected alternative, including administrative, preliminary engineering, and construction management costs. Roadway construction costs were also not adequately addressed in the PER. Because this was not addressed, it is assumed the County will complete the roadway construction and be responsible for surfacing costs.

The PER did not adequately discuss the methodology used to prioritize bridge needs or how this particular bridge was selected for the TSEP application. A brief narrative on the condition of the Five Mile Bridge was included along with the MDT Inspection Report. However, the narrative was very brief and did not include a discussion of the sufficiency rating, appraisal and element ratings or how they translate into the condition of the existing bridges. The PER states "the existing bridge is currently load posted at 4T which could probably be raised." The MDT assessment form indicates the inventory load of the structure is 29 tons.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that it has a three-year and 20-year replacement plan for bridges that was developed by evaluating the sufficiency ratings, ADT (current and projected) and public safety. The applicant stated that it budgets for the replacement of deficient bridges every year or two. The applicant currently has hired an engineer to inspect all bridges less than 20' in length and provide an NBI rating for each bridge. The engineer will then compile these inspections along with the inspections performed by the MDT into a final report that will be used to revise the three-year and 20-year replacement plans. The applicant has replaced nineteen bridges since 1996 at a cost of \$2,282,313. A grant from the U.S. Forest Service funded the replacement of three timber bridges.

The MDOC review engineer stated that it appears that the County's O&M practices have been

adequate. The County currently is in the process of inspecting all bridges less than 20' and providing an NBI rating for each bridge. Approximately half of these bridges are inspected every year, placing them on a biennial inspection cycle.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: The applicant sufficiently demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant in combination with local reserves. The applicant stated that sixteen of the nineteen bridges that have been replaced since 1996 have been funded solely from the bridge budget. The MDOT Off-System Bridge Replacement program has funded the replacement of additional bridges. The applicant provided no further discussion of available funding sources.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the bridge system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project will not directly result in the creation or retention of jobs, nor will it directly result in a business expansion. The Billings Urban Area 2000 Transportation Plan shows that dwelling units in the outlying north and northeast areas of Billings are projected to increase by 99.6 percent and 307.7 percent respectively by the year 2020. Based on the Northwest Bypass Feasibility Study and funding secured for an environmental assessment study, there is potential for industrial growth in this area.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project is a high priority and has community support. The applicant documented that it held at least one public hearing or meeting, and has sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household.

Rationale: The applicant stated that it held a public meeting on April 23, 2002 to discuss the proposed project. On April 24, 2002, two local television stations provided a commentary on the proposed project. The application included copies of the public hearing notice, meeting minutes, and seven letters of support. The applicant stated that it has a three-year and 20-year replacement plan for bridges that was developed.

Project No. 44
Town of St. Ignatius – Wastewater System Improvements

This application received 2,924 points out of a possible 4,900 points and ranked 44th out of 55 applications in the 2003 recommendations to the Legislature. Because of the limited amount of TSEP funds projected for the biennium, TSEP would be unable to fund this project.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting the decision of the Legislature
CDBG	Grant	\$ 284,200	Will apply January, 2003
RRGL	Grant	\$ 100,000	Awaiting the decision of the Legislature
SRF	Loan	\$ 293,300	On the priority list, will apply when needed
Applicant	Cash	\$ 5,000	Funds committed
Project Total		\$1,182,500	

Median Household Income:	\$17,037	Total Population:	650
Percent Non-TSEP Matching Funds:	58%	Number of Households:	240

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$19.00	-	Target Rate:	\$28.11	-
Existing Wastewater Rate:	\$11.00	-	Rate With TSEP Assistance:	\$41.50	148%
Existing Combined Rate:	\$30.00	107%	Rate Without TSEP Assistance:	\$54.90	195%

Project Summary

History – The first wastewater collection and treatment system in St. Ignatius was constructed in 1956. This sewer system serves only the portion of the Town lying north of Mission Creek. The area south of Mission Creek is served by a system owned and operated by the Confederated Salish and Kootenai Tribes. Even though the present inflow to the lagoon system is estimated to be less than it was designed for, the Town has continued to exceed permit limits for BOD and TSS, with one or two deficiency notices per year. Flexibility in operation is limited with only one cell, given its shallow depth and outlet structure limits. The Town is not permitting any additional connections to the sewer system, in an effort to minimize the discharge violations.

Problem - The Town's wastewater system has the following deficiencies:

- ☐ single cell lagoon,
- ☐ deep sludge accumulation and effluent discharge violations,
- ☐ effluent coliform levels exceed new permit levels,
- ☐ up to 50 percent of the influent percolates to the groundwater, and
- ☐ effluent ammonia levels are anticipated to exceed future permit levels.

Proposed Solution - The proposed project would:

- ☐ dispose of accumulated sludge in the existing lagoon,
- ☐ construct a new, aerated complete-mix cell ahead of the existing lagoon,

- ☐ divide the existing lagoon into three cells, with two cells acting as partial-mix lagoons, and the third cell, a polishing pond, and
- ☐ install a UV disinfection system prior to discharge to existing natural wetlands.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level two and received 400 points out of a possible 1,000 points.

Conclusion: The applicant has not adequately demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system, which would otherwise be scored at a higher level, would be resolved.

Rationale: The MDOC review engineer noted that the applicant's wastewater treatment system has periodic effluent permit violations, despite proactive attempts to correct the problems through operational changes. The Town has placed a moratorium on new sewer connections. Compounding the current problems is a new discharge permit that will limit effluent fecal coliform discharge, necessitating disinfection of the effluent.

The team of review engineers did not feel that the PER adequately addressed the ammonia discharge standard, and the ability of the proposed improvements to meet that standard. While the proposed project does address all of the current system deficiencies, there exists a strong possibility that the Town could be faced with an ammonia discharge limit within the next permitting cycle, based on current information available from DEQ and discussion with DEQ staff, and the proposed system would likely not be able to meet such a limit. The PER is supposed to look at a design life of 20 years, and, in this case, the PER did not adequately address the issue. Since there were serious questions raised regarding the appropriateness of the solution selected by the applicant, this priority was scored at a level two.

Statutory Priority #2: Reflects greater financial need.

The applicant received 684 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 4th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 57 percent. **The relative concentration of persons living at or below the LMI level ranked 2nd out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 22.7 percent. **The relative concentration of persons living at or below the Poverty level ranked 5th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate.

The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level two and received 320 points out of a possible 800 points.

Conclusion: The applicant weakly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER was incomplete and there were some significantly important issues that were not adequately addressed, which raised serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER lacked detail and comprehensiveness, and as a result, there were some significantly important issues that were not adequately addressed. The PER contained a number of contradictions, errors and omissions.

In particular, the team of review engineers did not feel that the applicant adequately addressed the ammonia discharge standard, and the ability of the proposed improvements to meet that standard. While the proposed project does address all of the current system deficiencies, there exists a strong possibility that the Town could be faced with an ammonia discharge limit within the next permitting cycle, based on current information available from DEQ and discussion with DEQ staff, and the proposed system would likely not be able to meet such a limit. Alternatives were not adequately considered or documented to deal with the potential ammonia effluent limits. The PER discusses generic alternatives to comply with a possible ammonia discharge limit, but does not adequately show how the selected alternative may be part of a long-term facility improvement to address this issue. The PER is supposed to look at a design life of 20 years, and in this case, the PER did not adequately address the issue.

There were also questions regarding the proposed aeration approach and lagoon volume sizing. Details of the selected treatment system were not well documented. There were conflicting statements in the PER and it was not clear whether the proposed primary aerated lagoons are designed to be a complete-mix system or partial-mix system. Depending on the type of system used, it would have an affect on the size of the lagoons required or the amount of aeration required. Reducing either one would reduce operating and/or capital costs.

Several implementation issues that could have a significant affect on the overall cost and implementation if the project were either not investigated, or not documented. In particular, the disposal of existing sludge that has accumulated over time was not adequately discussed.

Finally, the PER did not provide adequate evidence that the proposed treatment system would be able to produce effluent that would comply with non-degradation standards. The discussion in the PER regarding non-degradation limit implications is limited to general information applicable to any facility and does not specifically address how the selected alternative will comply with this rule. The proposed technical design does address the current and near-term deficiencies, but a more comprehensive discussion of non-degradation issues would have made it clearer as to how the effluent quality will comply with these restrictions.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the wastewater system has been out of compliance

frequently since it was constructed in 1956. The Town considered a complete reconstruction in 1977, but it was abandoned because of the town's apparent decreasing population. In 1989, the Town adopted a "nominal" reconstruction plan. This included repairing the system, installing aeration devices and adding a quiet zone to try to bring the system into compliance. After a comprehensive performance evaluation by MSU-Northern that project was completed.

Lake County has a CIP for community infrastructure plants that identifies the wastewater system in St. Ignatius as a high priority. The Confederated Salish and Kootenai Tribes have a growth policy for the reservation that identifies St. Ignatius as a growth area with the priority of maintaining and developing community infrastructure. The environmental impact study for the planned upgrade of Highway 93 projects a growth rate for St. Ignatius. The Town has a self-imposed moratorium on new sewage connections. The community has also adopted a growth policy that calls for new developments to pay their share of the costs of providing basic services. A CIP will be completed as part of this project. The Town has water meters on service connections.

The MDOC review engineer stated that it appears the Town's O&M practices have been adequate. Sewer rates are currently adequate to cover routine maintenance, but there does not appear to be adequate reserves for major equipment replacement or upgrades. There have been no sewer rate increases for the past 12 years.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP, CDBG, and RRGL grants in combination with an SRF loan and local reserves. The applicant stated that it has approached the local Job Corps for potential construction assistance and that the facility plan will be presented to RUS. The Salish and Kootenai Housing Authority sponsored a request to IHS for funding; however, the application was not funded because of the high project cost per tribal family. When scoring the project, the TSEP ranking team was informed by RRGL staff that the Town was below the funding line; therefore, the funding package appears to have become less viable.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level three and received 300 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities, and cited various businesses that would benefit by the proposed improvements. However, the applicant did not reasonably demonstrate that the proposed project would directly result in the expansion of a specific business, or the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements should maintain and possibly add to the tax base if any business expansion occurs.

Rationale: The applicant stated that the project will not directly result in the creation or retention of jobs, nor will it directly result in a business expansion. The project will enhance infrastructure, which is a prerequisite to attracting businesses and, therefore, increasing the tax base. Currently, there is a moratorium on new sewage connections. The application included letters of support from the community that describe the difficulty or impossibility of starting, expanding or otherwise developing their business

opportunities because of the moratorium.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that this project has been the community's focus since the Town placed a moratorium on new connections in 1997. The proposed project was first presented at a public hearing in 2000. On February 5, 2002, Lake County sponsored a public hearing related to infrastructure projects in the County and available funding options. Two representatives from St. Ignatius attended. On April 29, 2002, a second hearing was held to gather public input on the proposed rate structure and funding options. The applicant stated that most of the ten attendees voiced concern about the inability of St. Ignatius to grow as long as the moratorium remained in place. Flyers were posted around the Town relative to the possible rate increase scenarios. The application included notices of hearings, minutes and sign-in sheets for both of these hearings and nine letters of support from area residents, the Lake County Bank and the county commissioners. Lake County has recently completed a public facility CIP, and St. Ignatius will complete a local CIP in conjunction with this project.

Project No. 45
Lockwood Water and Sewer District – Water System Improvements

This application received 2,920 points out of a possible 4,900 points and ranked 45th out of 55 applications in the 2003 recommendations to the Legislature. Because of the limited amount of TSEP funds projected for the biennium, TSEP would be unable to fund this project.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature
CDBG	Grant	\$335,000	Application will be submitted January 2003
SRF	Loan	\$643,828	On the priority list, will apply when needed
Applicant	Cash	\$214,727	Committed, partially expended for PER
Project Total		\$1,693,555	

Median Household Income:	\$26,108	Total Population:	5,400
Percent Non-TSEP Matching Funds:	70%	Number of Households:	2,126

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$33.04	121%	Target Rate:	\$27.41	-
(No centralized wastewater system)			Rate With TSEP Assistance:	\$39.53	144%
			Rate Without TSEP Assistance:	\$41.78	152%

Project Summary

History - The District acquired the Lockwood Water User's Association (LWUA) in 2001. The LWUA originally utilized six groundwater wells, but two were taken out of service because they exceeded the allowable nitrate levels. The remaining wells are now used only as an emergency backup supply. The water treatment plant built in 1987 draws water from the Yellowstone River. A 1.5 million gallon storage tank, and 23,000' of 16" and 24" water transmission mains, were also constructed in 1987. In 2001, 2,600' of the mains were replaced.

Problem - The District's water system has the following deficiencies:

- ☐ high turbidity levels causing periodic plant shutdowns, and
- ☐ insufficient detention time to meet water quality parameters, including arsenic removal and total organic carbon removal.

Proposed Solution - The proposed project would construct a pre-sedimentation facility.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level two and received 400 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system may potentially occur at some point in the future if

the deficiencies are not corrected. The deficiencies, and associated potential public health and safety problems, are not considered to pose a serious threat to public health or safety.

Rationale: The MDOC review engineer noted that the lack of a pre-sedimentation basin is a design standard issue, but does not currently pose a serious threat to public health and safety. The District's water treatment plant is able to provide potable water that meets all current regulations. However, the treatment plant must be shut down when raw water turbidities exceed certain levels so that the plant's finished water does not exceed turbidity standards. It does not appear that the shutting down of the plant during turbidity spikes currently causes serious water shortages or interruptions in service. It is possible that significant water shortages could occur due to the system being shut down during periods of high turbidity as water demands increase. The pre-sedimentation basin would reduce or eliminate the need to shut down the plant during high turbidity events.

According to the PER, the new pre-sedimentation basin would also increase the ability of the plant to comply with several proposed or recently implemented water quality standards such as arsenic, total organic carbon, disinfectant/disinfectant by products, and the enhanced interim surface water treatment rule. However, it was not adequately demonstrated that the pre-sedimentation facility was required for the treatment plant to meet these new standards.

Statutory Priority #2: Reflects greater financial need.

The applicant received 540 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 44th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 43 percent. **The relative concentration of persons living at or below the LMI level ranked 16th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 18.3 percent. **The relative concentration of persons living at or below the Poverty level ranked 10th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. While the PER is generally complete, there were some potentially important issues that were not adequately

addressed. However, it does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the preferred alternative is an acceptable method for improving the treatment capability of the water treatment plant; however, no pilot testing was performed to verify that the proposed design would perform adequately. A similar system is in use at the Billings Water Treatment Plant, which also uses the Yellowstone River as a source, and it is performing adequately. However, every water plant is different in regard to piping trains, basin sizes, chemical used, etc. Also the water quality at the Lockwood plant may vary from the water quality seen at the Billings plant. Enhanced removal of arsenic, total organic carbon and disinfectant by-products are complex processes that can be affected by a number of variables such as detention time, overall water quality and water temperature.

In addition, the PER concentrated only on a portion of the water treatment plant. The PER did not address the entire water system (source, distribution, storage and treatment). It appears that there have been past studies, but they were not specifically referenced nor were they provided.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level five and received 700 points out of a possible 700 points.

Conclusion: The applicant conclusively demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the District adopted new system development fees in July 2000, to pay for capital improvements that are directly caused by development in the Lockwood community. Rates and charges are reviewed on an annual basis during the budget process, to provide adequate funds for O&M, capital improvements and the required reserves.

The District adopted a 15-year CIP in 2000 and the first two years of the plan have been implemented. The CIP was revised in November 2000, moving the pre-sedimentation project to 2003 and the distribution system main replacements to 2005.

The District has made various improvements to the water system with their own funds including a ferric chloride addition as an alternative to aluminum sulfate, a filter to waste piping modifications to eliminate finished water turbidity spikes, and two main line projects. Meters have been installed on every service in the water system for over 30 years. Currently, the State is working on a source water protection plan for surface water users. The District is currently in the process of attempting to pass a bond election to provide funds to construct a wastewater system that TSEP is helping to fund.

The applicant stated that previous improvements to the water treatment plant were made in order to stay ahead of new operating requirements. The applicant stated the problem has nothing to do with managerial or operating practices. The previous improvements to the treatment plant did not include a pre-sedimentation facility, based on information provided by the manufacturer of the treatment plant. The MDOC review engineer stated that the District only acquired the system in May of 2001 and does not have a long track record of maintaining the water system. However, the Lockwood Water Users Association operated the system since 1955 and received a statewide award by Montana Rural Water Systems, Inc. for having outstanding O&M practices.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears

to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and CDBG grants in combination with an SRF loan and local reserves. The applicant stated that although the District is eligible, they did not apply for an RRGL grant because they believed the additional grant from RRGL, if awarded, would reduce the match being provided by the District needed to meet TSEP match requirements. However, the MDOC reviewer noted that TSEP allows other grants to be used as match toward TSEP funds, and therefore the District could have applied for an RRGL grant. The MDOC reviewer also noted the District has over \$1.2 million in cash, but stated these funds are reserved for future emergency repairs or improvements that may be required by government mandates.

If TSEP and CDBG funds are not awarded, the applicant stated that the District would work towards funding the project with the reserve amount set aside and the remainder of the cost through an SRF loan. The District considers the project a high priority and must be accomplished regardless of funding sources. However, without grant assistance the project would be delayed for an additional two to three years.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the proposed project would not directly result in the creation or retention of jobs. However, the proposed project will allow for further development, thus encouraging expansion of the tax base.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project is a high priority and has community support. The applicant documented that it held at least one public hearing or meeting, and has sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household.

Rationale: The District held a public hearing on this proposed project on March 27, 2002. The District utilized the local papers and television stations to inform the community of the public hearing, the proposed project, its purpose, cost, funding strategy and an estimated cost to the rate payer (stated in minutes that rates would not increase). An announcement of the hearing, minutes of the meeting and news articles were included in the application.

The applicant stated that members of the community indicated support for the project during the meeting and when visiting and calling the office. Additional support is shown by the 15-year CIP that the District adopted, to which they are adhering. The current highest priority for FY 2003 of the CIP is the proposed pre-sedimentation facility, which had originally been slated as a 2001 project.

Project No. 46
City of Columbia Falls – Water and Wastewater System Improvements

This application received 2,840 points out of a possible 4,900 points and ranked 46th out of 55 applications in the 2003 recommendations to the Legislature. Because of the limited amount of TSEP funds projected for the biennium, TSEP would be unable to fund this project.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 220,000	Awaiting the decision of the Legislature
RRGL	Grant	\$ 100,000	Awaiting the decision of the Legislature
SID	Loan	\$ 109,160	Committed upon approval by public vote
Applicant	Cash	\$ 63,925	Funds committed
Project Total		\$ 493,085	

Median Household Income:	\$23,328	Total Population:	3,645
Percent Non-TSEP Matching Funds:	55%	Number of Households:	1,316

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$16.51	-	Target Rate:	\$38.49	-
Existing Wastewater Rate:	\$21.07	-	Rate With TSEP Assistance:	\$54.65	142%
Existing Combined Rate:	\$37.58	98%	Rate Without TSEP Assistance:	\$55.43	144%

Project Summary

History – In 1995, the City's water source was converted from a surface water reservoir to deep wells. Some of the pipes in the distribution system are sized to provide domestic water to only a few residences. Some residences that reside within the route of the distribution system are currently served by private wells and private septic systems.

Problem - The water system has the following deficiencies:

- ☐ wells are connected to the distribution system through a series of loops that are not adequate in size to permit efficient flow,
- ☐ approximately five blocks are served by a 2" water pipe that allows for no fire flow, and
- ☐ the pipe size eliminates the opportunity to connect additional existing residences along the distribution system route.

Problem – Approximately 14 lots within the City have individual on-site septic systems, and are not served by the City's wastewater system.

Proposed Solution - The proposed project would:

- ☐ replace the existing water pipes with 2,600' of 12" pipe to provide adequate flow capacity from the wells to the 16" trunk line,
- ☐ install approximately six fire hydrants in areas that have a deficit,
- ☐ replace the existing connections for both water and sewer for each lot along the project route, and

- ☐ provide water and sewer service lines for each lot not currently connected to the public systems.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level two and received 400 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system may potentially occur at some point in the future if the deficiencies are not corrected. The deficiencies, and associated potential public health and safety problems, are not considered to pose a serious threat to public health or safety.

Rationale: The MDOC review engineer noted that the inadequate fire flows, the inability to connect new services in the project area, and the inability to extend the 12" main from the Clare Park well through the project area are existing, continual, and long-term. There have not been any serious public health or safety problems attributable to the undersized mains. There have been two fires in the neighborhood and firefighters have expressed concern that the fire hydrants are not located close enough to each other. There are potential problems related to health and safety in the future if adequate fire protection cannot be provided and a major fire occurs. However, the ranking team members felt that the application lacked evidence that the community has a serious lack of fire protection. The proposed project will correct the deficiencies with respect to low pressures and inadequate fire flows; however, possible problems related to individual drain field systems and wells may not be resolved, since annexed lots are not required to connect to the public water and wastewater systems.

Statutory Priority #2: Reflects greater financial need.

The applicant received 540 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 32nd out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 36 percent. **The relative concentration of persons living at or below the LMI level ranked 36th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 16.2 percent. **The relative concentration of persons living at or below the Poverty level ranked 22nd out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level two and received 320 points out of a possible 800 points.

Conclusion: The applicant weakly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER was incomplete and there were some significantly important issues that were not adequately addressed, which raised serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER was too cursory and only addressed the proposed project. It did not address the entire water system and its deficiencies, but referred to the 1998 Facility Plan for details and analysis of the condition of the existing water system.

However, the problems with the PER that resulted in its scoring was that there were no cost estimates or present worth analyses for the other alternatives; therefore it was unclear whether the proposed project provides a complete, cost-effective, and long-term solution to the deficiencies addressed in the PER. Also, because the fire flow issues were not adequately addressed, the ranking team had serious questions regarding the appropriateness of the solution.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level five and received 700 points out of a possible 700 points.

Conclusion: The applicant conclusively demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: In 1995, the City converted from surface water to wells and constructed a new two million gallon storage tank. The City recently completed major improvements to its wastewater treatment plant with a \$2,509,405 SRF loan. The applicant stated that in 1998 it updated its water and wastewater facility plan and updates its CIP annually. Currently, the City collects revenue at least 125 percent over both the water and sewer indebtedness and sets aside four percent of the value of its current water and sewer total assets for replacement and depreciation. The problems delineated in this project are not of recent origin; however, population growth in the vicinity of the project has made the problems more acute. Meters have been installed on all water service connections. The City has adopted a cross-connection program and a wellhead protection program.

The MDOC review engineer stated that the O&M practices of the City have been good. The City has GIS-mapped all of its water system components, including valves and hydrants, and has a good track record for submitting sampling results and complying with public water supply requirements.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: The applicant sufficiently demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with an SID loan and local reserves. The City plans to fund the SID through general fund and, if needed, a short-term Inter-cap loan. The City questions its ability to meet CDBG LMI eligibility

requirements, however, it will continue to pursue funding from CDBG for those households that qualify for CDBG assistance.

When scoring the project, the TSEP ranking team was informed by RRGL staff that the City was below the funding line; therefore, the funding package appears to have become less viable.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that this project is likely to contribute to retention of existing jobs and will allow the expansion of business by providing optimum water flow capacity throughout the community. However, the applicant stated that no business is dependent upon this project. The project will contribute to an expansion of the tax base because about three percent of the project area is undeveloped, the current distribution system will not support additional connections, and existing fire hydrants are too distant to provide adequate fire protection.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that the City held a public meeting in early March of 2002 to discuss this project. The application included the affidavit of publication and newspaper articles relative to this meeting. The public was informed that the proposed project includes an SID for property fronting the proposed water main upgrade. Annexation was completed in May of 2002. The public was informed during both the public meetings for the SID and the annexation, that the project would likely assess each adjacent lot an amount of not more than \$3,500 and that the term would likely be between seven and ten years. The applicant stated that it has received no comments that indicate that the community would not support the project, however, one person expressed concern that the annual amount of the SID must be kept at a level affordable for LMI households. The applicant stated that in 1998 it updated its water and wastewater facility plan and updates its CIP annually.

Project No. 47

Pleasant View Home Sites County Water and Sewer District – Water System Improvements

This application received 2,772 points out of a possible 4,900 points and ranked 47th out of 55 applications in the 2003 recommendations to the Legislature. Because of the limited amount of TSEP funds projected for the biennium, TSEP would be unable to fund this project.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 210,140	Awaiting the decision of the Legislature
RRGL	Grant	\$ 100,000	Awaiting the decision of the Legislature
SRF	Loan	\$ 385,000	On the priority list, will apply when needed
Intercap	Loan	\$ 9,550	Already expended on the PER
RRGL	Grant	\$ 9,300	Already expended on the PER
Project Total		\$ 420,240	

Median Household Income:	\$29,565	Total Population:	82
Percent Non-TSEP Matching Funds:	50%	Number of Households:	32

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate	\$40.00	129%	Target Rate:	\$31.04	-
(No centralized wastewater system)			Rate With TSEP Assistance:	\$69.18	223%
			Rate Without TSEP Assistance:	\$122.53	395%

Project Summary

History – The Pleasant View Subdivision was created in 1967 in a rural area east of Kalispell. The South Water Well was completed in 1969. In 1972, the North Water Well was drilled to meet growing demands and DEQ requirements. In 1986, the New North Well was drilled to help with low flow rates during peak demand. The north and south wells each have a storage tank. In 1991, the system began to receive warnings of coliform bacteria from the DEQ that resulted in a health advisory. In recent years, the water system has regularly failed tests for non-fecal coliform bacteria, and is currently on a continuous health advisory until improvements are completed to the water storage tanks.

Problem - The water system has the following deficiencies:

- ☐ bacterial problems in its storage tanks and dead-end mains,
- ☐ booster pumps typically running 24 hours a day, driving power costs up, and
- ☐ no meters.

Proposed Solution - The proposed project would:

- ☐ eliminate the underground storage tanks for any purpose other than fire flow reserves,
- ☐ install pumps to maintain pressure and flows at the well sources,
- ☐ redesign the distribution system with looping of water lines, and
- ☐ install water service connection meters.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system are likely to occur in the long-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence after chronic exposure, and a moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact.

Rationale: The MDOC review engineer noted that the applicant has had recurring non-acute violations for coliform bacteria since 1991. The fact that coliform organisms have been detected on a regular basis indicates that contamination is entering the system by some route. The DEQ feels that the existing wells are not the source of contamination because they are nearly 200' deep. The problem has been attributed to the poor seal between the two concrete ground storage tank walls and their roofs, as well as dead ends in the water distribution system. The DEQ is keeping an October 2001, health advisory open until the problem of water seeping into the storage tanks is resolved. While no serious health or safety problems that are clearly attributable to the deficiencies have occurred, the contamination problem could potentially affect the public's health and safety in the long term.

Statutory Priority #2: Reflects greater financial need.

The applicant received 612 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 1st quintile and received 180 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 49th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 21 percent. **The relative concentration of persons living at or below the LMI level ranked 51st out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 11.9 percent. **The relative concentration of persons living at or below the Poverty level ranked 36th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that generally the PER was complete, and there were only minor issues that were not adequately addressed. Details in the alternative analysis, and some of the items included in the cost estimate, were not adequately addressed. Missing from the PER was the condition of the water mains, peak instantaneous demand estimate (necessary for a hydropneumatic water tank system), and routing alternatives for the water mains. Three new submersible pumps are included in the cost estimate, yet the application states that two wells should be used. SCADA, a type of telemetry system, is assumed for all three alternatives, with no consideration given to a simpler telemetry system to let the wells work together for this small public water system.

All of the water system was dealt with, but not in as much detail as it could have been. The wells were glossed over as satisfactory, but it would have been helpful to address their construction and integrity, as well as their location relative to nearby pollution sources, to show that they are not readily subject to contamination. Pump curves for the existing well pumps would have been useful to show why they cannot be used in the new water system. The PER talks about looping the dead-end water mains, but a total distribution system replacement is proposed. If the pumps are running continuously at night, even in the winter and with some limited storage in the hydropneumatic tanks, there can be leakage assumed in the distribution system. Six-inch piping is proposed throughout the system, with the justification that these mains could be allowed to carry fire flows if expanded in the future. However, the DEQ design standard does not allow fire protection to be provided on hydropneumatic tank systems, so the six-inch piping would not be useful unless a gravity storage tank was provided or the system tied into another larger public water system. As a result, continued use of the 4-inch pipe, with some additional lengths for looping was overlooked as a viable alternative.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the rates charged in the past by the homeowner's association were only enough to pay for immediate needs with no long-term concerns being addressed. However, since the District was formed in December of 2001, it has developed rules and regulations, developed a CIP for the water system, and adopted a new budget for operating the system that has provisions for maintenance, unanticipated problems, and a billing policy that is based on usage. In addition, the District is committed to higher water rates in order to be prepared for future variables.

The MDOC review engineer stated that in the past the water system was operated by the homeowner's association and O&M practices appeared to have been inadequate. The association did not perform necessary repairs and upkeep on the system. Water mains were not routinely flushed or disinfected, nor were storage tanks cleaned on a regular basis. No O&M manuals or accurate maps are available for the water system. The District now contracts with someone to operate the water system.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level two and received 240 points out of a possible 600 points.

Conclusion: The applicant inadequately demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated limited efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project appears to have problems and may not be viable. There are potentially major obstacles that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with InterCap and SRF loans. The applicant stated that the District did not apply to CDBG because it does not meet the 51 percent LMI requirement, or to RUS because of its high MHI.

When scoring the project, the ranking team was informed by RRGL staff that the District was below the funding line; therefore, the funding package appears to have become less viable.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level one and received 100 points out of a possible 500 points.

Conclusion: The applicant did not demonstrate that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement to an area that is residential only, and it does not appear to be necessary for providing any job opportunities or business development. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project will not directly result in the creation or retention of jobs, nor will it directly result in a business expansion. The project will enhance infrastructure, which is a prerequisite to attracting businesses and therefore increasing the tax base. The MDOC reviewer noted that the project area is residential only.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level two and received 160 points out of a possible 400 points.

Conclusion: The applicant inadequately demonstrated that the proposed project is a high priority and has the support of the community. The applicant documented that it held a public hearing or meeting, but did not inform the community about the cost of the project and the impact on user rates.

Rationale: The applicant stated that when the need for an improved water system was presented, 75 percent of the residents voted to form a county water and sewer district. Regular meetings have been held, including a meeting on April 19, 2002, to go over the findings of the PER and funding options. The application included a copy of that meeting's minutes. The MDOC reviewer could not determine that the members of the District were advised as to the projected rate increase associated with the project.

Project No. 48
Butte-Silver Bow – Water System Improvements

This application received 2,768 points out of a possible 4,900 points and ranked 48th out of 55 applications in the 2003 recommendations to the Legislature. Because of the limited amount of TSEP funds projected for the biennium, TSEP would be unable to fund this project.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$403,006	Awaiting the decision of the Legislature
RRGL	Grant	\$100,000	Awaiting the decision of the Legislature
Applicant	Cash	\$303,006	Committed
Project Total		\$806,012	

Median Household Income:	\$21,307	Total Population:	33,892
Percent Non-TSEP Matching Funds:	50%	Number of Households:	13,010

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$45.78	-	Target Rate:	\$35.16	-
Existing Wastewater Rate:	\$13.50	-	Rate With TSEP Assistance:	\$59.28	169%
Existing Combined Rate:	\$59.28	169%	Rate Without TSEP Assistance:	\$59.48	169%

Project Summary

History – Basin Creek Dams #1 and #2, located in Butte-Silver Bow County (BSB) were built in 1899. Major improvements were completed to dam #1 in 1913 when the downstream face of the dam was buttressed with monolithic tiers and the dam was raised 13' to its present elevation with the addition of a concrete deck and parapet wall. Additional improvements to dam #1 were completed during the 1930s when the downstream slope was covered with earth fill to protect the concrete from weathering. The water system was purchased from the Butte Water Company in 1992. The applicant considers both dams to be critical components of the BSB's potable water supply system, supplying approximately 36 percent of Butte's drinking water.

Both dams are classified as "high hazard dams" by DNRC. The dams currently can safely pass the design storm (probable maximum flood) by overtopping the dam. In such an event, the dam acts as the spillway. However, DNRC has stated that, while the spillways meet the spillway capacity requirements of the Dam Safety Act, the dams do not meet its operational requirements and is requiring that the dams be brought into compliance.

Problem - The applicant's water system has the following deficiency: the emergency spillway of each dam is unable to pass a 500-year flood event without exceeding the spillway capacity.

Proposed Solution - The proposed project would:

- ☐ expand and rehabilitate the emergency spillway of each dam,
- ☐ improve the parapet wall and dam access to the crest of dam #1,
- ☐ improve inlet and outlet works valving on each dam, and

- ☐ install a remote monitoring station and telemetry system to provide real time reservoir level monitoring.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level two and received 400 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system may potentially occur at some point in the future if the deficiencies are not corrected. The deficiencies, and associated potential public health and safety problems, are not considered to pose a serious threat to public health or safety.

Rationale: The MDOC review engineers noted that the dams have been identified by the staff with the DNRC Dam Safety Program as high hazard dams, and the applicant stated that downstream flooding due to spillway failure could result in substantial property loss or loss of life. Annual inspections have indicated numerous deficiencies at the dams. However, the DNRC staff determined that the dams were in compliance with the Dam Safety Act because it has been shown that the dams can be safely overtopped without causing failure of the dams. Furthermore, the dams would still be rated "high hazard" if the proposed project is completed because the dam would overtop during the design event. Finally, the Bureau of Reclamation (BOR) stated that the potential for property damage and/or loss of life downstream from the facility is associated with the flooding event, not failure of the dam or spillway. There would be little or no modification to this risk with or without the proposed project.

The DNRC staff did say an operational deficiency exists with the dams due to the condition of the spillways and the control valving. The program does not consider the situation where a spillway is overtopped to be acceptable and has issued a letter to the applicant requiring action. The water system faces possible reservoir level restrictions, and BSB faces possible fines, if improvements at the dams are not completed as directed. The problems attributable to the identified deficiencies of the dams may potentially occur at some point in the future if the deficiencies are not corrected. However, the applicant showed that overtopping of the dam will not cause dam failure. Correction of the documented deficiencies, while increasing the capacity of the existing spillway, would not prevent the associated flooding downstream, nor would it preclude overtopping of the dam at floods greater than the 500-year flow.

Statutory Priority #2: Reflects greater financial need.

The applicant received 648 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI)** ranked 24th out of the 55 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 38 percent. **The relative concentration of persons living at or below the LMI level ranked 28th out of the 55 applications.**

- ❑ The percent of persons living at or below the *Poverty* level is 14.7 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 27th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 4th quintile and received 720 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level two and received 320 points out of a possible 800 points.

Conclusion: The applicant weakly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The preliminary engineering report was incomplete and there were some significantly important issues that were not adequately addressed, which raised serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER was not complete and there were some significantly important issues, primarily the upcoming regulatory changes with regard to surface water treatment rules and the condition of the transmission main, that were not adequately addressed, and which raise serious questions regarding the appropriateness of the solution selected by the applicant.

The report dealt with the specific needs identified at the Basin Creek site. No analysis or discussion was provided regarding the condition or capacity of the transmission main between the dams and the distribution system, nor was an adequate discussion of the entire water system included as required. There was no discussion of future regulatory requirements. Comments from regulating agencies with regard to the long-term status of the non-filtration waiver would have strengthened the application and provided some assurance that the project is appropriate from a water supply perspective. In view of upcoming regulation changes, a detailed discussion on how these regulations will affect the operation of the dams was considered to be essential by the team of review engineers.

While the PER considered other alternatives for spillway improvements, only the selected alternative was analyzed in detail. The PER did not adequately demonstrate that the alternatives that were screened out were not viable. The evaluation did not include a discussion of operation and maintenance requirements. The capital cost estimates of each alternative was not fully developed and a present worth analysis comparing these three alternatives was not presented. The design criteria for the preferred alternative was not presented, and therefore, costs were difficult to evaluate. Not all costs were included in the estimate (mobilization, taxes, bonding, insurance and general requirements), which can typically be 15 to 25 percent of the project cost. The use of water meters in BSB's water system was also not adequately addressed to the satisfaction of the team of review engineers.

The BOR reviewed the PER in 2000 and questioned how the applicant will be able to safely close the water through the water supply outlets in order to remove existing valves and install the new valves. The BOR also questioned how the new valves will be maintained or repaired, and how the new screens at the inlet will be cleaned in the future. These same issues were raised again during this review.

It is not certain that the applicant adequately assessed the potential environmental impacts. An environmental checklist was included with the PER and comments were received from the State Historic Preservation Office and the Natural Heritage Program. However, no letters requesting comments from other agencies, or responses from them, were included.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that BSB has been dedicated to capital improvements, including the construction of the water treatment plant and water main replacement programs. The water system was purchased from the Butte Water Company in 1992. Major improvements were completed to dam #1 in 1913 when the downstream face of the dam was buttressed with monolithic tiers and the dam was raised 13' to its present elevation with the addition of a concrete deck and parapet wall. Additional improvements to dam #1 were completed during the 1930s when the downstream slope was covered with earth fill to protect the concrete from weathering.

BSB has a yearly operation and maintenance budget for the water utility system of just over \$4 million. In addition, BSB has a water main replacement budget of \$500,000 per year. Therefore, BSB has been and will continue to be dedicated to long-term O&M and capital improvements. BSB currently has a water meter program plan in place. This program assists in keeping water consumption to a minimum. However, the MDOC reviewer noted that not all users on the system have water meters, because the program is voluntary.

Butte currently has several water supply sources that are capable of supplying drinking water to the community. However, the drinking water supplied by these dams is the most cost-effective source, allowing BSB to keep water rates at a minimum. For this reason, BSB is committed to the long-term planning and upkeep of these dams in order to maximize the potential drinking water they can supply. The applicant stated that the project is consistent with existing capital improvement and growth management plans.

The applicant stated that the cause of the existing conditions at the dams are not related to improper O&M, but simply the age of the facilities. The Basin Creek Dam #1 was originally constructed in 1899, with most components of the facility today being the originals. The proposed improvements are the most economic, state of the art improvements that will allow safe dam operation well into the future. The MDOC review engineer noted that it appears that BSB has a good O&M record and the problems with the dams already existed when BSB purchased the system in 1992.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with local reserves. The applicant stated that other grants were researched and the project only qualifies for the grants being applied for; however, the applicant did not discuss any of the other funding sources. The applicant would not be eligible to apply to the CDBG program because its LMI percentage is too low, and it cannot apply to the RUS program because its population exceeds the eligibility requirements. The applicant stated that BSB currently has three major loans, and therefore does not want to apply for any additional loans to complete the proposed project, since the combined water and sewer rate is already 169 percent of the target rate.

The applicant stated that these three sources of funds are critical to the project, and without these combined funding sources, BSB would be required to postpone the project until alternative funding

sources could be secured or BSB could commit the funds.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water/dam system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project would enable BSB to remain an attractive location for existing and new businesses. Butte's location has proven beneficial to business due to Interstates 15 and 90. BSB must have the ability to supply drinking water at reasonable and economic rates to support its economic development efforts. By acquiring funding to complete the project, the water rate for BSB will not be increased. This is critical to existing and future business expansion opportunities in BSB. The completion of the proposed project does not provide any specific jobs, but rather, ensures that BSB will remain competitive in the attraction of industrial and residential development, which promotes business and residential expansion.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level two and received 160 points out of a possible 400 points.

Conclusion: The applicant inadequately demonstrated that the proposed project is a high priority and has the support of the community. The applicant documented that it held a public hearing or meeting, but did not inform the community about the cost of the project and the impact on user rates.

Rationale: The applicant stated that a public hearing was held on the proposed project at the regular BSB Council of Commissioners meetings, and there was a presentation about the project. However, the MDOC reviewer noted that the only public hearing held was the one on April 19, 2000 prior to submitting the application to TSEP the first time; therefore, the applicant did not hold a public hearing within the 12 months prior to submitting the application as required by the *TSEP Application Guidelines*. No new hearing was held in 2002 prior to re-submitting the application. The cost of the project has changed since that time, along with the amounts that each funding source would provide.

The applicant also stated that local citizens and the property owners are in support of the project, and at the public hearing, there were no negative comments. The applicant also stated that there were no public comments received. The MDOC reviewer noted that the only documentation in support of the project was from the executive director of the local development corporation and from the economic development director for BSB.

The applicant stated that BSB has assessed its public facility needs and prioritized the proposed project as the highest priority. The applicant provided a one-page, five-year capital improvements plan for the water system.

Project No. 49
City of Three Forks – Water System Improvements

This application received 2,764 points out of a possible 4,900 points and ranked 49th out of 55 applications in the 2003 recommendations to the Legislature. Because of the limited amount of TSEP funds projected for the biennium, TSEP would be unable to fund this project.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 327,000	Awaiting the decision of the Legislature
RRGL	Grant	\$ 100,000	Awaiting the decision of the Legislature
EPA	Grant	\$ 175,000	Application to be submitted June, 2002
SRF	Loan	\$ 65,000	On the priority list, will apply when needed
Project Total		\$ 667,000	

Median Household Income:	\$20,121	Total Population:	1,800
Percent Non-TSEP Matching Funds:	51%	Number of Households:	669

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$20.98	-	Target Rate:	\$33.20	-
Existing Wastewater Rate:	\$16.23	-	Rate With TSEP Assistance:	\$41.70	126%
Existing Combined Rate:	\$37.21	112%	Rate Without TSEP Assistance:	\$45.42	137%

Project Summary

History – The City's water system is comprised of ductile iron, asbestos cement and PVC water mains ranging in size from 4" to 12". The original system was constructed in the 1920s and 1930s with major additions constructed in the 1970s, 1980s, and 1990s. There are five operational groundwater wells and a 1,000,000 gallon steel storage tank and a 250,000-gallon concrete storage tank. Well #2 contains high levels of arsenic. The 250,000-gallon concrete tank is in need of roof repairs and is only used for irrigation storage.

Problem - The City's water system has the following deficiencies:

- ☐ the capacity of the wells to produce water has decreased,
- ☐ difficulty meeting system demand during the summer months, and
- ☐ well #2 contains high arsenic levels.

Proposed Solution - The proposed project would:

- ☐ construct a water treatment facility to remove arsenic, and
- ☐ rehabilitate wells #1 and #2.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system are likely to occur in the long-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence after chronic exposure, and a moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact.

Rationale: The MDOC review engineer noted that the applicant is not able to meet its peak daily water demand without using a well #2, which exceeds the new standard for arsenic. However, when this well is utilized for drinking water, the water is pumped directly to a reservoir where it is diluted. The full impact of the arsenic depends on how much well #2 is being used. It was not clear how often this well is used, but the arsenic level in this well is high enough to cause serious concern relative to health impacts over the long-term. The problem will worsen as the growing population demands more water and the use of this well increases to a level where dilution is insufficient to continue meeting the standard. Serious health problems have not been reported, and the tie between local cancer cases and arsenic consumption cannot be proven. The source is currently being diluted, however arsenic concentrations at this level is considered to be a threat to public health, and all residents of the community are affected. With the exception of one well, the City's other wells have hydrogen sulfide, which causes a taste problem creates pressure for the City to use the more aesthetically pleasing, though more dangerous arsenic-laden water, from well #2. It would be impossible to meet average daily demand without using well #2 or without obtaining water from a new source. Therefore, the City needs either a new water source or an arsenic treatment system.

Statutory Priority #2: Reflects greater financial need.

The applicant received 504 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 4th quintile and received 720 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 18th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 46 percent. **The relative concentration of persons living at or below the LMI level ranked 11th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 13.7 percent. **The relative concentration of persons living at or below the Poverty level ranked 30th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level two and received 320 points out of a possible 800 points.

Conclusion: The applicant weakly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER was incomplete and there were some significantly important issues that were not adequately addressed, which raised serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER was missing numerous items that are required, and, as a result, there were some significantly important issues that were not adequately addressed. The proposed solution is a viable treatment system for arsenic removal; however, the media utilized in the treatment process, granular ferric hydroxide (GFH), performed poorly during the applicant's pilot study and the applicant did not adequately justify why it was selected. Phosphate levels were not discussed, however, phosphates are a limiting factor in the use of the selected alternative. It was also not clear why treatment utilizing iron-modified activated alumina, or any other type of treatment media, were eliminated prior to any life-cycle cost analysis. The proposed solution, though perhaps viable, was only weakly supported.

The team of review engineers thought that further consideration of additional wells away from the arsenic-heavy Madison River and within the Climbing Arrow Aquifer closer to the Jefferson River, and a rehab program for fouling was warranted. The PER did not include any life-cycle cost analyses for expanding the well system outside of the arsenic contaminated area and potentially treating for hydrogen sulfide, nor does it suggest a method of testing to find the source of the hydrogen sulfide.

Costs for the GFH system were stated to be supported by the manufacturers, however, there was no break-out of costs for the wells, or the proposed rehabilitation cost of wells #1 and #2, for which a lump sum of \$150,000 is allotted (with no engineering, contingency, or any unit costs identified). In addition, the PER did not adequately address the distribution system, since modeling was not done to determine if the distribution system could actually deliver the required flow.

The application did not include any documentation that environmental agencies were contacted relative to the project. No information on floodplains or wetlands was provided. However, it is unlikely that there would be any significant or long-term adverse environmental problems associated the project.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that it has raised user fees over the years to cover utility costs, improvements and maintenance. It currently has a hydrant and valve replacement program in which it replaces approximately 25 valves and hydrants on the existing system every year and all water service connections are metered. The applicant stated that it is in the process of updating its CIP, however, a copy of the existing CIP was not included in the application.

The applicant stated that the lack of adequate water production is not a problem of recent origin, but one the City has been trying to manage since the early 1990s. In 1993, the City drilled two new wells for additional production capacity. One well went dry before it was ever placed in service and the other well contains high levels of hydrogen sulfide and results in odor complaints. The MDOC review engineer stated that it appears the City has had good O&M practices. Rates are sufficient for O&M and debt service, while providing an increasing reserve for improvements.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP, RRGL, and EPA grants in combination with an SRF loan. The City is also planning on submitting an application to CDBG in January of 2003. The reviewer noted that the application contained no discussion of the RUS program.

When scoring the project, the TSEP ranking team was informed by RRGL staff that the City was below the funding line; therefore, the funding package appears to have become less viable.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project will not directly result in the creation or retention of jobs, nor will it directly result in business expansion. The applicant stated that a reliable source of water to the local talc plant is critical for retaining the jobs associated with the facility and that the City's ability to provide water is a prerequisite to attracting new businesses. Several housing developments are proposed in the area and the ability to provide water to these developments is crucial for annexation of these properties into the City to increase its tax base.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project is a high priority and has community support. The applicant documented that it held at least one public hearing or meeting, and has sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household.

Rationale: The applicant stated that a public meeting was held on April 9, 2002 to discuss project alternatives and potential affects on user rates. The affidavit of publication, sign-in sheet, minutes and a newspaper article were included in the application. The City is currently in the process of updating its CIP.

Project No. 50
Big Sky County Water and Sewer District No. 363 – Wastewater System Improvements

This application received 2,732 points out of a possible 4,900 points and ranked 50th out of 55 applications in the 2003 recommendations to the Legislature. Because of the limited amount of TSEP funds projected for the biennium, TSEP would be unable to fund this project.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature
RRGL	Grant	\$100,000	Awaiting the decision of the Legislature
Applicant	Cash	\$2,500,000	Committed by resolution
SRF	Loan	\$13,500,000	Loan has been approved
Applicant	Cash	\$6,492,469	Committed by contract with the Yellowstone Mountain Club
Applicant	Cash	\$1,866,544	Committed by contract with the Lone Moose Meadows
Applicant	Cash	\$600,000	Committed by contract with the Westland/TM
Project Total		\$25,559,013	

Median Household Income:	\$28,032	Total Population:	1,221
Percent Non-TSEP Matching Funds:	98%	Number of Households:	573

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$39.68	-	Target Rate:	\$46.25	-
Existing Wastewater Rate:	\$46.09	-	Rate With TSEP Assistance:	\$129.09	279%
Existing Combined Rate:	\$85.77	185%	Rate Without TSEP Assistance:	\$130.51	282%

Project Summary

History – Big Sky Montana is an unincorporated resort community located in Gallatin County and Madison County. In 1971, Big Sky of Montana established covenants that prohibit on-site water or wastewater systems. The Big Sky County Water & Sewer District #363 was formed by elective process in August 1993. It owns, operates, and maintains the central water and wastewater systems that service the area.

Just prior to the District's formation, the MT Department of Health and Environmental Sciences (now DEQ) issued a compliance order asserting that approximately 47 million gallons of partially treated sewage seeped from the treatment and disposal facility (lagoons) into state ground waters in 1991 and was expected to continue causing pollution of state ground waters. Like most municipal lagoon systems of that period, before synthetic liners became the norm, the Big Sky lagoons were lined with bentonite. The compliance order placed a moratorium against new sewer connections by restricting the issuance of further permits to connect to the sewer system and ordered the District to submit both short- and long-term compliance plans to deal with the problems. In 1997, short-term improvements were completed including lining and expanding the wastewater storage ponds, constructing a new filtration treatment plant, and expanding the irrigation system at Meadow Village Golf Course. In 1996, DEQ lifted the moratorium.

The long-term compliance plan includes components that expand the District's treatment

capacity by constructing an advanced treatment plant and expands disposal capacity through snowmaking, more surface disposal at the golf course, and an annual surface discharge disposal into the Gallatin River. While the plan projects that 94 percent of the wastewater could be recycled, the balance, six percent or 15 million gallons, would need to be discharged into the river. The DEQ issued the District a surface water discharge permit for that amount, but public outcry has been loud, emotional and ferocious.

In 2000, bids on the proposed project came in nearly \$2 million dollars over budget, and a law suit was filed against the District and the DEQ claiming the state agency had illegally granted permission for the District to discharge treated sewage into the Gallatin River. The District shelved the plans for implementing the snowmaking/river discharge project, and worked in earnest to forge an agreement with a new neighboring development, the Yellowstone Mountain Club (YMC), to spray irrigate treated effluent on the golf course proposed at YMC. Under the joint agreement, which was completed in March 2001, the District will pay for the construction of the new golf course and up to 130 million gallons of new storage ponds.

The District received bids on the proposed project in July 2002, and issued a notice to proceed to the selected contractor(s) in August 2002. The award was to complete the entire project, including the portion that TSEP would help fund. The TSEP staff was not provided a copy of the bid document to review for compliance with TSEP requirements.

The applicant would utilize TSEP funds to construct a composting facility, which is intended to stabilize wastewater biosolids and make a recyclable product. The cost to construct the composting facility is estimated to be \$1.3 million. The completion of the entire proposed project would enable the District to dispose of the treated water onsite, precluding the need to discharge to surface waters.

Problem - The District's wastewater system has the following deficiencies:

- ☐ an increasing amount of effluent and no additional disposal capacity for continued growth and development,
- ☐ high nitrate levels that may, in part, be due to treated wastewater, and
- ☐ Lone Moose Meadows, a development adjacent to the District, is at maximum disposal capacity with its existing drain field.

Proposed Solution - The applicant has already started construction on the proposed project. As discussed above, the project has already been awarded and a notice to proceed has been issued on the construction of: a 650,000 gallon per day wastewater treatment plant, lined storage ponds with capacity of up to 130 million gallons, an 18-hole golf course with a spray irrigation system at the Yellowstone Mountain Club, and approximately nine miles of pipeline to pump treated effluent from the treatment facility to the new golf course.

The proposed project, which would be funded with TSEP monies, would construct an on-site composting facility that would process wastewater treatment biosolids (sludge) into compost for land application. The District has also begun construction on this part of the project.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level two and received 400 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system may potentially occur at some point in the future if the deficiencies are not corrected. The deficiencies, and associated potential public health and safety problems, are not considered to pose a serious threat to public health or safety.

Rationale: The MDOC review engineer noted that some of the deficiencies discussed in the PER pertain to problems that existed in the Big Sky area in the early 1990s when the existing wastewater treatment lagoons leaked excessively, resulting in documented groundwater and surface water impacts. Many of those problems were resolved in 1997 with the construction of new lagoons, wastewater filtration

and disinfection. The current construction project will deal with the remaining problems pertaining to capacity, thereby allowing for increased growth and development.

Several existing developments utilize on-site septic tanks and drain fields. While existing improvements could be accommodated, additional effluent from future development would exceed the capability of the existing centralized wastewater system to adequately treat the potential flows. The receiving streams in the area are high quality waters and evidence exists that some are impacted by development. Non-point source pollution associated with development in general has also been identified as a potential cause of water quality problems in the area.

Given the amount of growth in the area, known problems and impacts of future development, it can be concluded that an advanced wastewater treatment system is needed, with disposal of the effluent occurring in a manner that would not impact groundwater or surface water. Where practical, existing septic systems should connect to the advanced treatment system to allow for additional reduction of pollutants prior to discharge into the groundwater. The proposed project allows for construction of an advanced treatment system which discharges treated wastewater through irrigation and snowmaking. While the plant may have capacity for connecting existing septic systems, the DEQ has indicated that a number of on-site septic systems will still exist after project construction with no plan in the short term to connect the properties. It may be cost-prohibitive to connect more remote or sparsely developed areas where on-site systems are currently being used.

The project to be funded with TSEP funding, a composting facility, is a component of the new treatment plant. There is no current need for the facility, although the disposal of solids will be a needed when the advanced treatment plant is operational and generating sludge. Note that a composting facility in itself does not address the disposal problem entirely. It creates a product that is more acceptable to the general public and with fewer restrictions on use, in comparison to stabilized wastewater biosolids.

Problems associated with inadequate means of sludge disposal may occur at some point in the future, but do not presently exist. The application did not show that a serious threat to public health and safety or the environment is occurring or is likely to occur without construction of the proposed composting facility. The existing wastewater treatment facility does not generate sludge that requires further stabilization and ongoing disposal. The treatment plant currently under construction provides unit processes for sludge stabilization and dewatering that allows for various means of final sludge disposal. The composting facility will not be critical to the overall operation of the wastewater plant as other sludge disposal options are possible.

Statutory Priority #2: Reflects greater financial need.

The applicant received 612 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 1st quintile and received 180 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 46th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 26 percent. **The relative concentration of persons living at or below the LMI level ranked 49th out of the 55 applications.**

- ❑ The percent of persons living at or below the *Poverty* level is 10.7 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 41st out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level one and received 160 points out of a possible 800 points.

Conclusion: The applicant did not demonstrate that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The application did not provide sufficient information to properly review the proposed project. The PER did not address numerous critical issues needed to evaluate the project proposed by the applicant. In particular, the PER did not provide any of the required information related to the on-site composting facility that would be funded with TSEP funds.

Rationale: The MDOC review engineer noted that while the engineering data in the application supporting the wastewater treatment plant was complete, the applicant did not provide information in the PER pertaining to the composting facility to be constructed with TSEP funds. The original plan from 1998 indicated that land application of stabilized biosolids was the recommended alternative, whereas an amendment in 2001 indicated that sludge would be dewatered with vacuum drying beds and hauled off site. It appears that the in-vessel composting operation, from a planning perspective, was a last minute decision. There was some supplemental information regarding on-site composting included in the application in the appendices, but it was insufficient for the review engineer to analyze or to determine that an appropriate alternative has been selected. The limited information provided was about the process in general.

The information provided about the composting facility did not provide specific information regarding the capital costs, operating costs, location, site constraints and other aspects of the compost operation. No mass balance on the compost operation was provided, which would have indicated the volumes of sludge used, bulking agent, water, etc. No discussion on bulking agents was provided. System requirements including preliminary design, location, drawings, unit price costs, area requirements, odor control and other factors were not provided. No cost data, other than total cost, was provided. Project drawings were not provided and the scope of the proposed project could not be assessed.

The review team felt the missing information raises serious questions regarding the appropriateness of the alternative selected. If additional information had been provided, along with a better analysis, the review team felt the recommendations in PER may possibly have been different. An in-vessel composting system has not been used in Montana, and it is not clear if the option of composting is suitable for the size of the community. The overall rationale for keeping solids handling within the Big Sky area was to avoid trucking wastes elsewhere on questionable transportation routes. While in concept this makes good sense, additional information on the composting option was needed to judge the appropriateness of this option.

In addition, environmental impacts associated with the proposed composting facility were not adequately addressed. The environmental checklist makes no reference to the composting system and does not consider potential environmental impacts associated with composting. These impacts may be significant and could result in reconsideration of the proposed alternative.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the District employs a full-time financial officer and a full-time manager that oversees all District operations. The sewer and water systems generate sufficient funds through rates and charges to fund replacement/depreciation reserves. The District approved its original sewer and water system rate ordinance in 1997, and it has been amended in 1998, 1999, and 2000. A project to install water meters will be completed in 2002. Thereafter, rates and charges will be consumptive based. Water conservation policies have been incorporated into the user ordinance and watering during the summer is restricted. The MDOC reviewer did not find any documentation in the application substantiating comments related to rate changes or reserves.

In 1998, the District established a plant investment charge (PIC) for new hookups, with the amount of the PIC based on the projected sewer capacity needs of the new user. Since the implementation of the PIC fees, the District has raised approximately \$3,000,000. That fund has paid for engineering costs and project development costs for the current phase of improvements. Eighty percent of new PIC funds generated in the future will be used for debt service payments to reduce the cost to system users.

The District completed an interim action work plan for the wastewater system in 1996. Voters approved a major project costing over \$7 million, which was completed in 1997. The District applied to the Big Sky Owners Association for a commitment of resort tax revenues to assist with debt service payments, and received a 16-year commitment of \$500,000 annually. A long-term work plan was completed in 1999.

The District conducted a needs assessment survey in 2002 to gain insight into the portion of system users that make Big Sky their home on a year around basis. A five-year CIP was completed in April 2002, which covers the water and wastewater systems and other capital assets owned by the District. A water system improvements project is planned for the summer of 2002 to construct a one million gallon storage reservoir that is needed for fire protection and daily household needs.

A wetlands delineation study was completed in 1998 to identify and plan for wetlands/riparian issues. A wellhead protection plan is currently being prepared and is slated to be complete by July 1, 2002. The project is consistent with District plans and the Gallatin County's growth policy. The MDOC reviewer did not find any documentation related to the study or the plans, with the exception of the CIP.

The problems with the system originally resulted from leaking lagoons, but are now due to the lack of adequate treatment and disposal capacity.

The MDOC review engineer noted that it appears that the District's O&M practices are good and is maintaining a reasonable level of investment in the system, based on conversations with DEQ.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with an SRF loan, local reserves and private funds from adjacent developed properties.

The applicant stated that over 90 percent of the funds are committed or will be by June 1, 2002, as long as a debt election to be held on May 7, 2002 passes. The SRF loan application has been submitted.

The applicant stated that the completion of the project is not dependent upon a TSEP award. However, being able to establish an "affordability program" may be dependent upon receiving TSEP funds. While the people with homes in the Big Sky area are generally considered affluent, there are households with much lower incomes. As a result, the District plans to create a program that would provide annual debt service subsidies for qualifying households.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that no job creation or retention could be identified as directly resulting from the proposed project. However, the capacity of the wastewater system impacts the ability to construct businesses or homes at Big Sky. Since Big Sky has had continuing economic development growth, the completion of the project will enable growth to continue and the creation of jobs will no doubt be one of the results.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that in addition to the public hearing held specifically for the TSEP application on April 29, 2002, no less than a dozen public meetings have been held over the past two years to discuss the overall project. Newsletters were mailed to over 1,600 property owners and residents in the District this year. At the hearing, a project budget, along with a spreadsheet showing estimated property tax increases, was given to attendees. The cost per household was also explained in detail in the Spring 2000 newsletter.

The MDOC reviewer noted that the application included documentation of a hearing on March 29th, but none could be found for a hearing on April 29th. A sign-in sheet for the March 29th hearing showed that only nine people attended the meeting, and all but two of those were board members, staff, and a grant writer. There was documentation related to various other hearings held in 2001.

The applicant stated that the best evidence of property owner support for the project is the outcome of a mail ballot election held on March 29, 2002 for annexation of properties to the District. The agreement with Yellowstone Mountain to participate in the project was conditioned upon annexation of identified properties into the District. The District could have completed the annexation by resolution, but decided to refer the issue to the voters for their approval. Over 80 percent of the voters approved the annexation of the properties on March 27, 2002. Documentation was included related to the annexation election.

The applicant stated that through letters to the editor and comments at hearings it appears the citizenry fully supports the project and is proud of the efforts being made to protect the environment. There has not been an outpouring of negativity about the project, which would be expected if there were opposition to the project. However, the MDOC reviewer noted that the minutes for the hearing on March 29th were very brief and did not show that anyone commented on the project. Comments in support for the project from the public were also not evident in the minutes from other hearings as well. Finally, no letters of support for the project could be found in the application. While there is no reason to doubt support for the project, there was little documentation showing that there is widespread support for the project other than that shown by the results of the annexation election.

A five-year CIP was completed in April 2002, which covers the water and wastewater systems and other capital assets owned by the District.

Project No. 51
City of Helena – Storm Water System Improvements

This application received 2,532 points out of a possible 4,900 points and ranked 51st out of 55 applications in the 2003 recommendations to the Legislature. Because of the limited amount of TSEP funds projected for the biennium, TSEP would be unable to fund this project.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature
SRF	Loan	\$1,038,300	On the priority list, will apply when needed
Applicant	Cash	\$41,000	Committed
Project Total		\$1,579,300	

Median Household Income:	\$25,462	Total Population:	25,780
Percent Non-TSEP Matching Funds:	68%	Number of Households:	6,526

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$27.68	-	Target Rate:	\$42.01	-
Existing Wastewater Rate:	\$19.23	-	Rate With TSEP Assistance:	\$46.91	112%
Existing Combined Rate:	\$46.91	112%	Rate Without TSEP Assistance:	\$47.14	112%

Project Summary

History - The Harris Street storm drain crosses the Montana Rail Link (MRL) rail yard and drains an area over 1,000 acres in an area of mostly developed property within the City. During a 100-year storm event, this drainage basin generates an estimated 245 cfs of peak storm water flow. The existing conduit that carries collected storm flow from the Harris Street storm drainage basin crosses beneath the existing railroad yard between Railroad Avenue and Phoenix Avenue. The majority of this drain line was installed in the 1920s and has been subject to several modifications since that time. The pipe is made up of several different pipe materials of varying diameters, cross-sections and alignments. During major storm events, the drain line between Railroad and Phoenix Avenues is not capable of handling all of the storm flow. It has a capacity of only 170 cfs, which causes a hydraulic restriction, which in turn causes flooding of the area south of Railroad Avenue – known as the “6th Ward” and surrounding areas.

In addition, the area is contaminated with diesel fuel and lead. A significant diesel fuel spill occurred in the MRL rail yard in the mid-1980s, which resulted in considerable volumes of fuel infiltrating into the Harris Street line. This fuel continues to leak into the line through cracks, holes, and un-sealed joints. The poor condition of the Harris Street line allows the fuel to migrate offsite, expanding the area of contamination. In May 2000, high concentrations of lead were documented in the surface soil of the rail yard. Inflow of sediments at storm inlets throughout the rail yard will transport lead contamination beyond the boundaries of the railroad property and possibly to adjacent residential areas.

Problem - The City's storm water system for the Harris Street storm drainage basin has the following

deficiencies:

- ☐ the collection line has gaping holes, exposed or missing reinforcing steel, unsealed joints, grade and alignment problems, and numerous obstructions.
- ☐ infiltration and exfiltration of water,
- ☐ hydraulic restrictions, and
- ☐ diesel fuel and lead contaminants are transported to adjacent residential areas.

Proposed Solution - The proposed project would;

- ☐ install a new 48" or larger concrete pipe along a straight alignment from Railroad Avenue to Phoenix Avenue under the rail yard by using a trenchless "micro-tunneling" technology, and
- ☐ rehabilitate the existing drain pipe.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level two and received 400 points out of a possible 1,000 points.

Conclusion: The Applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the storm drain system may potentially occur at some point in the future if the deficiencies are not corrected. The deficiencies, and associated potential public health and safety problems, are not considered to pose a serious threat to public health or safety.

Rationale: The MDOC review engineer noted that the majority of the existing storm drain is over 80 years old and is in poor condition. The storm drain is undersized to deliver the 100-year storm event (capacity of 170 cfs versus the 100-year flow of 245 cfs). The storm drain is apparently transmitting diesel fuel from a spill on the MRL property downstream into the receiving stream. Additionally, lead contamination has been discovered on the MRL site, and with the condition of the existing storm drain it is suspected that this contamination could be entering the storm drain system and being spread downstream in the basin.

The proposed improvements include a new 48-inch storm drain to handle the 100-year flows and minor modifications to the existing storm drain to allow the existing storm drain to be used for reserve capacity. The applicant stated that it anticipates that BNSF or MRL will install, operate, and maintain the oil/water separator to collect the diesel and lead contamination prior to discharge to the receiving stream, but details of this improvement and how long-term maintenance would be assured were not included in this application, and were not included as part of the project.

The health and safety problems include potential loss of life and property damage as a result of the inadequate storm drain capacity and the possibility of flooding due to a major storm event or a failure of the existing storm drain. There has been documented flooding (pictures of flood events in 1982 and 1986), but no documentation as to the extent or damages caused by the flooding. No catastrophic failures of the existing storm drain have been documented, and there was also no documentation as to the storm frequency for these flooding events. The frequency of these storm events along with the extent of the flooding damage would be useful in obtaining some idea as to the severity of the potential flooding and the risk to health and safety. Additionally, the environmental pollution being caused by the storm drain is a threat to both the environment and the City's residents. The City's fire department has observed the diesel contamination in the storm water retention ponds near Walnut Street. The PER contained no documentation that the lead contamination had been spread by the storm drainage system.

The flooding issue is a problem that has a high probability of occurring, but as was noted above, there was inadequate information concerning its frequency or severity. The environmental pollution is a problem that has been occurring for a number of years, and will continue into the foreseeable future unless measures are taken to minimize the effects. However, the PER does not adequately show that this deficiency would be solved with the proposed improvements, since the existing storm drain would remain in use. Catastrophic failure of the existing storm drain is also a possibility that may potentially occur in the long term.

Statutory Priority #2: Reflects greater financial need.

The applicant received 432 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 39th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 35 percent. **The relative concentration of persons living at or below the *LMI* level ranked 43rd out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 11.6 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 38th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. While the PER is generally complete, there were some potentially important issues that were not adequately addressed. However, it does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that there were some potentially important issues that were not sufficiently addressed in the PER including the continued use of the existing storm drain as a relief drain. While the proposed solution does increase capacity, the existing storm drain is in poor condition, its structural integrity is questionable, and the limited grouting proposed will do little or nothing to solve its related health and safety problems. The team of review engineers were concerned about the potential catastrophic failure of this storm drain if allowed to remain in use. Additionally, the proposed project does not include installation of the oil/water separator; it has not adequately been demonstrated that it will be installed or adequately maintained, and there was concern that the separator has the potential to wash out during a major storm event. Since this component was crucial for the control of the diesel contamination, lack of specifics regarding this component was considered to be a potentially important issue that should have been addressed in more detail. The review engineers thought the best alternative to eliminate the possibility of the diesel contamination from spreading would be to provide enough capacity in a new storm drain and seal the existing storm drain. Then the possibility of spreading

the diesel contamination would not be contingent upon the installation, operation, and maintenance of the oil/water separator.

Another deficiency of the PER was that it lacked an analysis or any discussion of the City's entire storm drainage system. The report only discussed one of at least three drainages in the City. There were also some questions relating to whether the county landfill would accept the contaminated soils at the levels that diesel fuel is found in the soils. Project costs could be impacted if the extent of the contamination is greater than anticipated. The report identifies limits for the diesel contamination that the county landfill will accept. There are, however, no test results to confirm that the soils to be excavated and taken to the landfill are below these limits.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the storm sewer utility was established in 1991, and since that time rates have increased by 50 percent. The MDOC reviewer did not find any documentation of the rate increase in the application. However, documentation was provided that showed that revenues have increased from \$269,220 to \$450,000, representing an increase of almost 60 percent, since 1999. As a result, the City has prepared for the eventual replacement of this line by systematically increasing user fees.

Comprehensive planning for the storm drain utility has been demonstrated by evaluations of the storm drainage basin in 1985 and 1994, and the Harris Street line specifically in 1999. In April 2002, the City approved an engineering service agreement to update all existing storm basin reports as well as a comprehensive inventory of the existing system. The resulting document will further identify problems, provide current cost estimates and prioritize storm utility capital and maintenance projects. The proposed project is consistent with the priorities identified in the 1994 evaluation and with the City's capital additions and replacement schedule. The capital additions and replacement schedule was not included in the application to verify this comment.

The applicant stated that the evidence indicates that deterioration of the existing Harris Street storm drain line is primarily a function of time, rather than neglect. Although the exact ages of the different sections of the line are not known, it can be assumed that, at least the stone and masonry portion, of the conduit has exceeded its life expectancy. The same is probably true for the concrete pipe portions. Maintenance of underground storm drains is limited to cleaning and spot repairs. Over the years, this type of maintenance has been conducted, to the extent possible. While the City has done what it can to maintain the usability of the existing Harris Street line, due to the capacity problems, it must be replaced.

The City received TSEP grants in 1993, 1997 and 1999 for water and wastewater improvement projects. The MDOC reviewer noted that the City had various problems administering the TSEP funds, which MDOC reported to the City. However, the TSEP staff noted that there have been recent efforts by the City to improve their administration of TSEP funds.

The MDOC review engineer stated DEQ has little knowledge of the City's O&M practices related to the storm drainage system. However, there is not much maintenance to be completed on a storm drainage system and the City has a good O&M record with its other utilities.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: The applicant sufficiently demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of the TSEP grant in combination with an SRF loan and local reserves. The applicant stated that the community's LMI percentage is too low to qualify under the CDBG program. The amount of loan required from the SRF program will depend upon the amount of cash available from the storm drain utility fund. The BNSF Railroad was approached about assisting with funding the project but declined to participate. The MDOC reviewer noted that there was no discussion of RRGL funds, which would appear to be a potential funding source since this project helps to protect the ground water from contamination by diesel fuel.

The applicant stated that TSEP participation is a vital component of the project budget. Although no funds from other sources will be withheld in the absence of TSEP participation, the total funding package, including TSEP grant funds, will be necessary in order to complete the project and make it affordable to Helena storm water utility users. However, the MDOC reviewer noted that there was no discussion in the funding strategy narrative portion of the application of how the City would proceed if the TSEP funds were not awarded. It appears the applicant utilized the application form dated 1999 rather than using the form that was revised in 2001, which asked for this additional information.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the storm water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that while the proposed project is not likely to be instrumental in the creation of full-time jobs, the project could assist in the retention of jobs. According to the *Helena Railroad District Revitalization Study* prepared by James Boyer Consulting Services in 1999, the Railroad District has lost jobs while Helena's economy has been growing. A few businesses have relocated to other areas of the City. As the "greater Helena" population is becoming less centralized, the older business areas also face increasing competition from business development on the City's fringe. As the region's population becomes more decentralized, this area's location becomes less of an advantage. However, the applicant also stated that no business expansion is anticipated as a direct result of this project. The applicant did not include any documentation of the study in the application.

The area's property owners are important contributors to the property tax base. Taxable valuations of properties in this area have not been growing as rapidly as values in other sections of the Helena urban area. Many houses and business buildings need repairs. Area properties have been damaged by previous floods and remain vulnerable to future flooding. The Railroad District also contains vacant and underdeveloped residential and business properties. If these lands were developed, they could contribute more to government and school system tax revenues.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project is a high priority and has community support. The applicant documented that it held at least one public hearing or meeting, and has sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household.

Rationale: The applicant stated that the City held neighborhood meetings to discuss the project with area residents and businesses. The first meeting was set for March 20, 2002; however, this meeting was not well attended due to a winter storm. Because of the interest expressed by area individuals when the Helena Citizen Council Districts (HCC) representatives walked through the neighborhoods handing out invitation flyers, a second meeting was held on April 10, 2002. HCC representatives once again walked throughout the neighborhood handing out flyers and visiting with people. The applicant stated that this meeting was somewhat better attended. However, the MDOC reviewer noted that only one person attended the second meeting besides City staff, consultant, and two council members. The consultant presented an overview on the storm drainage concerns in the area, what the proposed project consisted of, and the environmental issues. Those in attendance expressed their support of the project. Flyers for both meetings, and a list of attendees, agenda, and minutes of the second meeting were included in the application.

The City held a public hearing on April 22, 2002, and City staff outlined the current condition of the existing storm drainage utility, related problems of the utility, proposed/recommended solutions, financing alternatives and project schedule. The "draft" minutes of the meeting, meeting agenda, and the advertisement for the hearing were included in the application. No increase in taxes, assessments or user charges is anticipated as a result of this project.

The applicant stated that in the summer of 1999, James Boyer Consulting Services conducted an extensive survey of residents living in the Railroad District. Printed questionnaires were mailed to one in four homes, and almost half of the questionnaires were completed and returned. Residents were asked to set priorities for revitalizing the Railroad District. Priorities identified by respondents included: improving traffic flows at Montana Avenue's railroad crossing and Malfunction Junction; reducing crime; improving pedestrian and bicycle safety; rehabilitation of deteriorating residential and business properties; maintaining housing affordability; reducing railroad noise; and maintaining the area's livability for older residents. According to the City's capital additions and replacement schedule, this project is clearly a high priority. However, neither of these documents was included in the application to document these comments.

Project No. 52
Homestead Acres County Water and Sewer District – Water System Improvements

This application received 2,476 points out of a possible 4,900 points and ranked 52nd out of 55 applications in the 2003 recommendations to the Legislature. Because of the limited amount of TSEP funds projected for the biennium, TSEP would be unable to fund this project.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$147,815	Awaiting the decision of the Legislature
TSEP	Grant	\$3,885	Planning grant already spent
RRGL	Grant	\$100,000	Awaiting the decision of the Legislature
RRGL	Grant	\$10,000	Planning grant already spent
Applicant	Cash	\$41,669	Committed and partially spent
Project Total		\$303,369	

Median Household Income:	\$30,750	Total Population:	550
Percent Non-TSEP Matching Funds:	51%	Number of Households:	184

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$46.09	143%	Target Rate:	\$32.29	-
(No centralized wastewater system)			Rate With TSEP Assistance:	\$46.09	143%
			Rate Without TSEP Assistance:	\$52.62	163%

Project Summary

History - The District was formed in 1976 and is located approximately three miles north of Great Falls. The District provides water to 184 resident services, covering an area over three-square miles. The water system was constructed in 1979 and consists of two wells, three 50,000 gallon storage tanks, and over 18 miles of transmission main consisting of 4", 6" and 8" piping. The majority of the residences are sited on the valley floor (area that was once Black Horse Lake) while the wells and storage facilities are sited on adjacent bluffs located approximately 200 feet above the valley floor. The system was not designed to deliver fire flows, and therefore, does not contain fire hydrants, although it does contain numerous blow off hydrants used to flush the system. The area's fire protection needs are covered by the local volunteer fire department.

A PER was completed in 1997, and most of the problems identified have been corrected. In 1997, the District also adopted an individual residence metering program, whereby the District supplied the meters and all residents were allotted a specific period of time to install their own meter. However, the District believes this has led to an unaccounted for water loss of approximately 20 percent due to illegal connections occurring prior to the meters.

Problem - The District's water system has the following deficiencies:

- ☐ the 1,000' well #1 was improperly drilled and installed and has a bent alignment, making routine maintenance (pulling discharge piping and submersible pump) extremely difficult. The pump and piping become lodged in the casing and the submersible pumps have sheared off when they

attempt to raise them for maintenance. There are at least two submersible pumps located in the bottom of the casing hole that cannot be recovered,

- ☐ the two wells combined only produce 170 gpm, which does not meet the maximum daily demands as required by DEQ,
- ☐ two of the storage tanks have to be manually filled, and
- ☐ illegal taps occurring prior to the meters.

Proposed Solution - The proposed project would:

- ☐ drill a new well adjacent to the existing wells #1 and #3, but outside their zone of influence,
- ☐ modify existing well #1 with a smaller submersible pump and discharge piping that can be removed during scheduled maintenance,
- ☐ eliminate long dead-end mains by looping lines,
- ☐ relocate a pressure reducing valve,
- ☐ install level control valves to allow the tanks to fill automatically, and
- ☐ move all individual water meters to standardized meter pits within roadway right-of-ways.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge system water are likely to occur in the long-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence after chronic exposure, and a moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact.

Rationale: The MDOC review engineer noted that one of the system's two wells has experienced problems in the past and has the potential to fail in the future. The improperly constructed well falls short of required design standards for maximum daily flow. There is no immediate health or safety issue, but long periods of interrupted water supply could occur if the primary well were to fail. The system's three small storage tanks were designed to supply only minimal fire flows. The inability to automatically fill two of the storage tanks further reduces their already limited usefulness to provide fire protection. The system's water meters have been installed in inappropriate places. Various cross connections are said to exist, but they are hard to detect because the meters do not record the flow of all water through the lines.

The system can meet the basic wintertime domestic demands, but the District must impose water restrictions and cannot meet maximum daily demands in the summer. The system's ability to provide fire protection is below state and federal standards. Overall the system is sub-standard and inadequate. However, the problems do not constitute an immediate health or safety risk.

Statutory Priority #2: Reflects greater financial need.

The applicant received 396 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 1st quintile and received 180 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with

the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ❑ **Median Household Income (MHI) ranked 50th out of the 55 applications.**
- ❑ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 14 percent. **The relative concentration of persons living at or below the LMI level ranked 54th out of the 55 applications.**
- ❑ The percent of persons living at or below the *Poverty* level is 3.7 percent. **The relative concentration of persons living at or below the Poverty level ranked 53rd out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 3rd quintile and received **540 points**. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. While the PER is generally complete, there were some potentially important issues that were not adequately addressed. However, it does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER provided the basic information for the reviewers to determine that a reasonably appropriate alternative had been selected, but there were some potentially important issues that were not adequately addressed. The PER was not very detailed. The O&M costs were only briefly discussed, and there was no present worth analysis. The MDOC review engineers did not feel there was an adequate analysis performed on the potential alternative of connecting the water system to the City of Great Falls. Although it would be more expensive than the proposed project, it could in the long run be more cost effective because the supply (quantity and quality) is assured, the pressure would be predictable, fire protection would be enhanced, the storage problem would be solved, and operation and maintenance would be simplified (no disinfection would be needed). A present worth analysis for this alternative should have been performed before it was eliminated from consideration.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that in 1999, the District hired a part-time secretary/clerk for account management, organizing important records, and maintaining updated cash flow and budget information. The District made this a full time position in 2000. The District holds monthly board meetings, where board members are apprised of current financial standings and issues regarding the system.

According to the applicant, the District has taken steps to improve their system over the past

three years. In 1997, the District performed an investigative study and evaluated their entire system. That PER highlighted deficiencies within the system and has since been informally adopted by the District as a CIP. In 1998, the District applied for a TSEP grant, but was not successful. The District did, however, make improvements to the system with their own reserve funds. Between 1999 and 2000, the District invested nearly \$100,000 of capital improvements in the system. The money utilized was from an investment fund the District maintains as reserves for minor improvements of this type, or emergencies. These improvements included: the complete renovation of a one booster station and the addition of another booster station, storage reservoir roof replacements, blow-off hydrant replacements, and phase protection for pumps.

The last rate increase was in 1997, when the flat rate increased from \$35 per 12,000 gallons to a flat rate of \$40. Every additional gallon is, and has been in the past, charged at \$1.25 per 748 gallons.

The study in 1997 noted that there was no meter installed near the wells to determine the amount of water being pumped. After the well meters were installed, the District then identified a large amount of unaccounted water that was being pumped from the well. A significant portion of this was due to line leaks, and the District repaired all major leaks. The District still had a significant amount of unaccounted water and had a leak detection study performed. Some minor leaks were identified and repaired. There is still approximated 20 percent of the pumped water not accounted for, and it is presumed that a large portion of that percentage is a result of taps prior to the meter.

There are water meters currently installed at each individual service connection. However, the problems associated with the District's metering program and service connection assemblies have developed because of inadequate past management practices. The installation of 152 meters was left completely in the hands of the user, which resulted in numerous illegal connections occurring prior to the meters. The purpose of this project is to standardize water meter locations and service connection assemblies by taking over control of service connections. The District now has a contractor tap the main and install the curb stop and meter, and charges the user an appropriate tap fee. Thirty-two of the most recent connections have been done in this manner, and therefore, conform to the District's current standards. Residents are now responsible for the service line from roadway right-of-way to their home. As a result of this new practice, the potential for this problem to occur in the future has been eliminated. One of the goals of this project is water conservation by being able to track usage more accurately, and potentially restructure user rates.

The District's water well problems are a combination of the original construction of the well being improperly constructed, and natural corrosion and deterioration. The new well would be required to meet specific standards in its installation in order to avoid these problems occurring in the future. The District has not, at this time, adopted and implemented a wellhead protection plan for groundwater. This would also occur as part of this project in the design and development of the new well.

The MDOC review engineer noted that until recently, the O&M practices of the District were poor. However, in 1999, the board reorganized and a new operator was hired. Based on conversations with DEQ, it now appears that the District's O&M practices have improved dramatically and are now good.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level two and received 240 points out of a possible 600 points.

Conclusion: The applicant inadequately demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated limited efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project appears to have problems and may not be viable. There are potentially major obstacles that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with local reserves. Because the District has an LMI of approximately 14 percent, they are not eligible for CDBG funding. RUS and SRF funds were also discussed, but both would require a loan and would increase user fees. Therefore, all viable means of financing the project were analyzed and only TSEP and RRGL grant applications appeared appropriate.

When scoring the project, the ranking team was informed by RRGL staff that the District was below the funding line; therefore, the funding package appears to have become less viable. The applicant did not discuss whether it would be able to proceed without the RRGL funds.

The applicant stated that because the monthly rates are 170 percent of the target rate, the District feels that, if residents are given the opportunity to vote on accepting any debt that will increase rates the response would be overwhelmingly negative. Therefore, the proposed funding package includes grants only. If the additional grants are not received and the entire project has to be financed with an SRF loan, the anticipated user rates would be greater than two times the target rate. As a result, without TSEP funding the project becomes absolutely un-affordable according to the applicant. Based on this conclusion, it does not appear to the MDOC reviewer that the project could proceed without the RRGL grant. Because a loan would be required to make up the difference and would result in an increase to user rates, it would be unacceptable to the District's residents.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level one and received 100 points out of a possible 500 points.

Conclusion: The applicant did not demonstrate that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement to an area that is residential only, and it does not appear to be necessary for providing any job opportunities or business development. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the area is 100 percent of the area served by the District is residential, and that no specific businesses have been identified. An adequate water system would undoubtedly encourage growth within and adjacent to the District, which would expand the County's tax base.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project is a high priority and has community support. The applicant documented that it held at least one public hearing or meeting, and has sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household.

Rationale: The applicant stated that the District held two public meetings, March 13 and April 23, 2002, to apprise the community of the District's plans, obtain public input, and present the findings of the PER. The District utilized letters, mailed to individual residents, to explain the purpose of the project and encourage participation. Between the two meetings, 46 residents attended the meetings. The application included newsletters, agendas, sign-in sheets, minutes, and presentations for both meetings.

According to the applicant, discussion at the public meetings appeared to support the water project. The only opposition came at the mention of a rate increase. Comment forms were distributed at the public meetings, however, there were limited comment forms returned. The MDOC reviewer noted that only one comment form was included in the application and it was in support of the project. According to the applicant, residents of this District are generally more vocal when opposed to issues and less apt to respond when in support. This led the District to believe that the project is supported by its residents or, at a minimum, is not opposed if all grant funds requested were received.

Project No. 53
Town of Columbus – Storm Water System Improvements

This application received 2,472 points out of a possible 4,900 points and ranked 53rd out of 55 applications in the 2003 recommendations to the Legislature. Because of the limited amount of TSEP funds projected for the biennium, TSEP would be unable to fund this project.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature
RRGL	Grant	\$100,000	Awaiting the decision of the Legislature
SRF	Loan	\$854,904	On the priority list, will apply when needed
Applicant	Cash	\$115,000	Funds committed, partially expended for PER
Project Total		\$1,569,804	

Median Household Income:	\$19,914	Total Population:	2,000
Percent Non-TSEP Matching Funds:	68%	Number of Households:	707

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$9.90	-	Target Rate:	\$32.86	-
Existing Wastewater Rate:	\$20.20	-	Rate With TSEP Assistance:	\$37.75	115%
Existing Combined Rate:	\$30.10	92%	Rate Without TSEP Assistance:	\$41.93	128%

Project Summary

History - The Town's storm water system consists only of surface drainage structures. The existing drainage culverts do not provide adequate drainage in the project area and flooding has resulted. However, the Town has made surface improvements and performs regular maintenance to address storm water management.

Problem - The Town's storm water system has the following deficiencies:

- ☐ inadequate storm water system, results in ponding and flooding of businesses and homes in the area,
- ☐ untreated storm water discharges to a slough/swamp that ultimately discharges to the Yellowstone River,
- ☐ ponded storm water infiltrates the sanitary sewer system, resulting in surcharging of the sanitary sewer system and backups into occupied spaces, and
- ☐ ponded storm water freezes during the winter, causing ice sheets.

Proposed Solution - The proposed project would:

- ☐ construct approximately 3,000' of storm water collection pipe,
- ☐ create two storm water detention areas,
- ☐ install an energy dissipation structure, and
- ☐ install sidewalk, curb and gutter along disturbed areas to improve drainage, and
- ☐ reconstruct nine blocks of street.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level two and received 400 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the storm drain system may potentially occur at some point in the future if the deficiencies are not corrected. The deficiencies, and associated potential public health and safety problems, are not considered to pose a serious threat to public health or safety.

Rationale: The MDOC review engineer noted that the storm water problems in Columbus are reported to have resulted in wastewater backups in homes and businesses, due to storm water infiltrating the sanitary sewer system. The primary public health and safety issue is the potential exposure to raw sewage as a result of surcharging and backup of the sanitary sewer collection system during flooding events. The PER states that storm water ponds in areas where sanitary sewer manholes are located causing heavy infiltration into the sanitary sewer system. However, no data was provided as to the number or regularity of backups, and no I&I analysis was completed. Installation of sealed manhole covers would prevent inflow into sanitary sewer manholes. Wastewater infrequently backing up into a limited number of structures is considered to be a potential long-term problem, but not as serious as a situation where numerous structures are impacted on a frequent basis. In addition, sewage infrequently backing up into basements would normally receive a level three score; however, the team of MDOC review engineers agreed that the amount of information provided in the PER to document the problem was insufficient, and therefore, this priority should be scored lower.

Ice that forms due to poor drainage can result in pedestrians slipping and falling on the ice. An adequately drained area would minimize, but not eliminate, the slip/fall hazard. Storm water runoff discharges to a tributary slough of the Yellowstone River. While no serious risk to human health and safety has been documented, implementation of the proposed project would result in a positive effect to water quality to the slough and, possibly, the Yellowstone River.

Statutory Priority #2: Reflects greater financial need.

The applicant received 432 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 16th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 40 percent. **The relative concentration of persons living at or below the LMI level ranked 23rd out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 9.7 percent. **The relative concentration of persons living at or below the Poverty level ranked 45th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are

assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. While the PER is generally complete, there were some potentially important issues that were not adequately addressed. However, it does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER generally provided the information required in the PER outline for the specific area under consideration. However, the PER did not provide information on the remaining portion of the town site. The application referred to a master storm drainage plan, but the document was not included in the PER or grant application.

In addition, the application did not provide sufficient data to determine if the project would generally solve the problems identified. The report noted that sewer system backups have occurred in homes and businesses. However, no data was provided to indicate at what storm level these events are occurring. The PER recommends a design standard for handling the five-year storm with the storm water system at 80 percent capacity, and the ten-year storm with the system at 100 percent capacity. The proposed project would help to remedy surface flooding during the ten-year or shorter duration rainfall event. However, if past events are occurring during longer-term events, the proposed project may or may not resolve the problems. According to the PER, the proposed project would still result in overland flows and possible flooding when a storm event occurs exceeding the ten-year storm.

The PER considered various alternatives including "do nothing", improving the existing overland flow disposal system, installation of a collection system, and installation of a collection system with a complete street and sidewalk rebuild. The technical design proposed, installation of a collection system with street reconstruction, would generally resolve the Town's storm water collection needs. Installation of a storm water collection system would likely address the deficiencies identified in the PER and would provide a long-term solution to the problem. However, the proposed alternative combines the storm water improvements with a complete street rebuild project. Completing a storm water collection system without complete rebuild of the streets and sidewalk would also fully resolve the community's storm water facility needs at a cost of approximately 50 percent of the selected alternative (\$740,000 vs. \$1,395,000 in estimated capital costs). However, major disturbance of existing streets would occur.

One alternative that was not considered was reducing sanitary sewer system inflow through a program consisting of installation of sealed manhole covers where needed and maintaining the existing surface runoff system. This alternative could reduce inflow to the point of eliminating the sewer surcharge and backflow problems. In addition, there were several issues that raised questions: the cost of exploratory excavation; costs were not adequately documented; inconsistencies within the PER; an alternative that included the replacement of storm culverts every ten years; and the schedule for cleaning the storm drain pipes.

There was also an important issue related to the alternative analysis: the O&M budgets included street sweeping, crack seal, chip coating and mill overlay for streets. The applicant stated that maintaining clean streets is imperative to maintaining proper operation of the storm water system. While that is true, the team of review engineers thought that street maintenance, while relating to the operation of the storm water system, is a normal street operations maintenance item and is not an appropriate maintenance item for consideration in the storm water plan comparative cost analysis. Those costs should more appropriately be included in the street maintenance budget.

In addition, the present worth analysis for the alternatives included the present worth for the cost of construction, but also included a line item for the annual debt retirement payment and loan reserve. Including the annual debt payment in the analysis appears to duplicate the capital cost of each option,

which substantially distorts the present worth analysis. The applicant responded that the present worth analysis was completed in this manner to establish a maintenance fund for the project. The operation and maintenance estimates are thorough so it was unclear why this major cost item should be included in the cost analysis. The alternatives analysis comparison matrix was completed without consideration of present worth costs for the alternatives.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted. The project would result in potentially beneficial impacts due to the storm water retention basins planned to allow solids settling, absorption of trace pollutants, and controlled discharge.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level two and received 280 points out of a possible 700 points.

Conclusion: The applicant inadequately demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the Town completed and adopted a five-year CIP and maintenance improvement plan in 1999. The Town also completed in March 2002, but has not yet adopted two documents: the first document, entitled *Town of Columbus, Montana – Storm Drain Plans*, outlines the proposed storm water utility plan, but was not included in the application; the second document, entitled *Stormwater Rules, Regulations and Standards –Town of Columbus*, sets out design standards for future developments, street improvements, and other building activities in the community.

No specific source of revenues is currently available to fund the storm water utility. However, the Town has proposed a separate storm water utility fund and establishing a \$20,000 per year reserve fund to cover improvement and replacement costs. However, the applicant also stated that the Town's citizens would probably oppose this.

The applicant stated that the problems have not developed recently, nor are they the result of inadequate maintenance activities. According to the applicant, the current system is performing at the peak level due to the maintenance activities of the Town's public works department, which spends a lot of time cleaning culverts, sweeping streets, re-establishing drainage swales, and mowing grass swales. However, the MDOC review engineer stated it appears that the O&M practices of the Town have been inadequate, and, in part, have contributed to the existing condition. It appears that swale and culvert installations have not been adequately maintained.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: The applicant sufficiently demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with an SRF loan and local reserves. The applicant stated that without TSEP funding, the Town would not be able to afford the entire project. If TSEP or any other funds are not awarded or realized, the community would attempt to explore phasing for the project and increasing the loan amount obtained through SRF funding. The applicant investigated other funding sources, including RUS, EDA, Coal Board, CDBG, and InterCap, but none of them were considered to be appropriate for this type of project.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the storm drain system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the completion of the project will not result in the creation of any additional jobs, but it is committed to providing quality utility services to the existing businesses. The tax base will not directly increase as a result of the project. The applicant stated that the community is actively taking steps in order to attract further business and development, but did not describe what steps it is taking.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

Rationale: The applicant stated that a meeting was held on March 18, 2002. Twenty people, of whom 11 were city officials, attended the meeting to hear a presentation about the project. An article in the *Stillwater County News* invited the public to attend a meeting on April 1, 2002. Only two citizens besides city officials attended the meeting. The average customer cost was presented at the meeting in April. Minutes from the meetings were included in the application.

The Town adopted a five-year CIP in 1999. A survey was conducted on April 4, 2002 via a clip-out section in the *Stillwater County News*. However, only four responses to the survey were received. The results of the survey indicated the top three storm drainage issues were pavement failure due to lack of drainage, reduced flooding of streets and private property, and standing water that creates a nuisance. Three of the four respondents indicated that they would be willing to pay more fees. Included in the application were letters of support for the project from the county environmental health department and one citizen.

Project No. 54
City of Miles City – Water System Improvements

This application received 2,292 points out of a possible 4,900 points and ranked 54th out of 55 applications in the 2003 recommendations to the Legislature. Because of the limited amount of TSEP funds projected for the biennium, TSEP would be unable to fund this project.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting the decision of the Legislature
CCW&SD	Grant	\$50,000	Committed (Custer Co. W&S District)
RUS	Grant	\$800,000	Discussed with program, but no application has been submitted
RUS	Loan	\$630,000	Discussed with program, but no application has been submitted
Applicant	Cash	\$300,000	Committed
Project Total		\$2,280,000	

Median Household Income:	\$21,224	Total Population:	8,500
Percent Non-TSEP Matching Funds:	78%	Number of Households:	3,550

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
Existing Water Rate:	\$25.41	-	Target Rate:	\$35.02	-
Existing Wastewater Rate:	\$11.14	-	Rate With TSEP Assistance:	\$37.43	107%
Existing Combined Rate:	\$36.55	104%	Rate Without TSEP Assistance:	\$38.17	109%

Project Summary

History – The City's water system dates back to the early 1900s. Most of the smaller diameter water mains in the Daly and Woodland Park Additions were installed in the 1920s and are still in use today. A major project occurred in 1953 when a 20" water main was installed across the City, and a new 1.25-million gallon storage tank was built on the hill on the east side of the City. In 1980, a 14" water main was installed on North Haynes Avenue, which runs north from the tank, to approximately 1,200' south of Valley Drive East.

Problem - The City's water system, on the north side of the City, has the following deficiencies:

- ☐ no redundancy in the system,
- ☐ reduced pressures at peak demand times, due to the limited capacity (number and size) of the existing transmission and distribution lines,
- ☐ inadequate fire flows, because fire hydrants only supply approximately 150 to 300 gpm,
- ☐ no looping between North Haynes Avenue and the northeast part of the City, resulting in stagnant water that results in loss of chlorine residual, potential taste and odor problems, and a potential for increased bacterial levels,
- ☐ high levels of disinfection byproducts (DBP), which are formed when chlorine reacts with certain organic materials in the water. The longer the water remains in the system, as a result of no looping, the higher the levels of DBP.
- ☐ 80-year old 4", unlined, cast iron water mains, and

- ☐ heavy tuberculation on the inside of the pipes, greatly limiting the flow it can carry and making it difficult to maintain water quality with periodic flushing.

Proposed Solution - The proposed project would:

- ☐ install approximately 6,800' of 12" PVC transmission main between the north end of the existing 14" main on North Haynes Avenue and a 10" main in the Bender Park area, and
- ☐ replace approximately 18,900' of old cast iron mains with 8" PVC.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.

The applicant was scored at a level two and received 400 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system may potentially occur at some point in the future if the deficiencies are not corrected. The deficiencies, and associated potential public health and safety problems, are not considered to pose a serious threat to public health or safety.

Rationale: The MDOC review engineer noted that the deficiencies claimed by the applicant include low system pressures during high demand periods, inadequate fire flows, disinfection byproducts generation due to water stagnation, taste, odor, undersized distribution mains in poor condition, no looping. Typically these types of deficiencies result in health and safety problems that may potentially occur at some point in the future if the deficiencies are not corrected.

However, the PER generally lacked information concerning the condition of the existing distribution system and data to verify the seriousness of related health and safety problems. Because the applicant did not adequately demonstrate that the deficiencies, which would otherwise be scored at a higher level, would be resolved by the project, the team of review engineers scored this priority at a level two.

Statutory Priority #2: Reflects greater financial need.

The applicant received 432 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 3rd quintile and received 540 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 23rd out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 37 percent. **The relative concentration of persons living at or below the LMI level ranked 29th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 15.6 percent. **The relative concentration of persons living at or below the Poverty level ranked 24th out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 2nd quintile and received 360 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate.

The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level two and received 320 points out of a possible 800 points.

Conclusion: The applicant weakly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER was incomplete and there were some significantly important issues that were not adequately addressed, which raised serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the PER has significant weaknesses, which raised serious questions whether the applicant has proposed an appropriate, cost-effective and long-term solution to its public facility needs. The primary shortcoming of the PER was a lack of data supporting the selected alternative. There was no proposed system diagram, line sizing calculations, hydraulic modeling or hydraulic data to support the applicant's assertion that the project would provide adequate flows (or to determine whether the proposed system is over-designed). In addition, there was a significant amount of other information missing related to the definition of the problem.

The PER does not thoroughly address all reasonable alternatives and only provides a cursory alternatives analysis. The PER did not provide any net present worth analysis, environmental and socioeconomic impact comparison, or selection process for the recommended alternative. There was some discussion of two other alternatives considered, a storage tank in project area and upgrading other mains to feed the project area, however, these alternatives were simply dismissed through narrative rather than a detailed analysis or comparison.

The applicant did not demonstrate through hydraulic calculations or modeling that the new system would deliver adequate fire flows or meet design standards for minimum system pressures. A more detailed layout of the proposed system upgrades showing valve locations, looped mains, etc. was needed to properly review the proposal. Only one cost estimate for a single type of PVC pipe was provided, rather than comparing other pipe materials.

Despite the lack of a comprehensive comparison, it is likely that the recommended alternative would compare favorably to the other reasonable alternatives and would resolve the stated problems. However, the lack of engineering data makes it difficult to ensure that that would be the case.

The application includes a completed environmental checklist for the proposed project. However, many of the short-term adverse impacts (noise, air quality, water quality, transportation, disruption, etc.) are ignored. While the environmental checklist is lacking content and detail, no environmental or technical problems that could delay or prevent the proposed project are apparent. As with the PER in general, there is not enough information upon which to base a judgment regarding environmental impacts.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.

The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The applicant stated that the City has demonstrated its backing of this and other capital improvement projects, and the water system as a whole, with its proposed water rate increase. The system is metered and rates are based upon usage. With portions of the water distribution system exceeding 80 years, mains and distribution pipes simply need to be replaced due to old age.

The MDOC review engineer noted that it appears that the City's O&M practices have been good and is maintaining a reasonable level of investment in the system, based on conversations with DEQ staff.

Statutory Priority #5: Obtains funds from other sources.

The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: The applicant sufficiently demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and RUS grants in combination with a RUS loan and local reserves. The applicant stated that a grant application is also being made to RUS, but the MDOC reviewer noted that while the City has discussed the project with the RUS staff, RUS has not received an application. The applicant stated that both grants are essential and the loss of either would result in the project being postponed. The applicant is not eligible for CDBG funds due to its low LMI percentage. The applicant considered the RRGL program, but stated that the limited grant amount was insufficient to fit into the overall project budget.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that there are several commercial businesses along Valley Drive East from its intersection with Haynes Avenue to the east, and they have inquired about receiving public water. These are small businesses with limited financial resources. It has not been possible to extend water service to them in the past because they would have had to bear all of the costs. Completion of this project would bring water 1,200' closer to these businesses, making construction of a lateral to provide them service much more feasible. Having the water supply better positioned provides the valuable benefit of the possibility of a future extension to provide them service. Some vacant land also exists along Valley Drive East, which will be more conducive to commercial development should water be provided. Sewer service is already available to these existing businesses. As a result, the proposed project would potentially help retain jobs and provide the potential for additional jobs in the future.

The applicant discussed the fact that the Trinity Railcar Company's ability to retain jobs would be strengthened. In 2000, a fire in the maintenance yard was difficult to fight because of restricted fire flows. The yard needs an improved water supply, primarily for fire protection.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level two and received 160 points out of a possible 400 points.

Conclusion: The applicant inadequately demonstrated that the proposed project is a high priority and has the support of the community. The applicant documented that it held a public hearing or meeting, but did not demonstrate that it had informed the community about the cost of the project and the impact on user rates.

Rationale: The applicant stated that the residents of the Woodland Park and Daly Additions, and neighboring areas are aware of the limitations that exist in the current water supply facilities. A public hearing was conducted on April 30, 2002. The MDOC reviewer noted that an affidavit of publication was included in the application, but no other documentation concerning the hearing. The MDOC reviewer was not able to ascertain if the public was informed of the increase in user rates that would occur as a result of the proposed project.

Project No. 55 Meadowlark Water and Sewer District – Wastewater System Improvements
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This application received 2,112 points out of a possible 4,900 points and ranked 55th out of 55 applications in the 2003 recommendations to the Legislature. Funding of this project is not recommended because it was considered to be financially and technically infeasible. Since the applicant stated that it is unlikely that the increased user rates would be acceptable, even with the requested TSEP grant, it does not appear that this project is financially feasible. The applicant did not select other technical solutions that might have made this project financially feasible.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 477,500	Awaiting the decision of the Legislature
RRGL	Grant	\$ 100,000	Awaiting the decision of the Legislature
SRF	Loan	\$ 385,000	On the priority list, will apply when needed
Project Total		\$ 962,500	

Median Household Income:	\$31,375	Total Population:	72
Percent Non-TSEP Matching Funds:	50%	Number of Households:	23

	Monthly Rate	Variance From Target Rate		Monthly Rate	Variance From Target Rate
(No existing centralized services)			Target Rate:	\$18.83	-
			Rate With TSEP Assistance:	\$153.27	814%
			Rate Without TSEP Assistance:	\$320.24	1,701%

Project Summary

History – The District was formed in 2000, to serve a subdivision that is located southwest of the City of Havre. Currently, there are no public water and sewer systems serving the District.

Problem - The District has failing on-site wastewater systems due to impermeable clay soils and poor surface drainage resulting in periodic backup of sewage into homes.

Proposed Solution - The proposed project would construct a gravity collection system that would be connected to the City of Havre's wastewater collection and treatment system.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards. <i>The applicant was scored at a level three and received 600 points out of a possible 1,000 points.</i>

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system are likely to occur in the long-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence after chronic exposure, and a

moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact.

Rationale: The MDOC review engineer noted that the 23 homes in the subdivision have on-site drain field systems and individual wells. All of the drain field systems have a standard design and are either gravity-fed or have a septic tank effluent pump. None of the drain fields incorporate advanced on-site treatment technology. According the county health department, about 70 percent of the systems have been replaced over the past 20 years. Due to the inability of the individual drain fields to adequately absorb the wastewater, there has been infrequent backup of wastewater into a small number of basements. Two homeowners have been known to pump their wastewater onto nearby wheat fields when it starts to backup into their homes and wastewater has also surfaced in the area of some drain fields.

There is no evidence of well contamination due to the failing drain fields. There is reasonable probability for health or safety problems to occur in the future due to human contact with untreated wastewater.

The proposed construction of a gravity sewer main to tie into the City of Havre's public wastewater system, would correct the existing deficiencies, however it may not be the most cost effective or financially feasible alternative.

Statutory Priority #2: Reflects greater financial need.

The applicant received 612 points out of a possible 900 points.

The score for Statutory Priority #2 is based on an analysis of two financial indicators. The weighted scores for each of the two indicators are added together to determine the score for Statutory Priority #2 with a total of 900 points possible.

Indicator #1. Household Economic Condition Analysis: The applicant placed in the 1st quintile and received 180 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.)

- ☐ **Median Household Income (MHI) ranked 53rd out of the 55 applications.**
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 24 percent. **The relative concentration of persons living at or below the LMI level ranked 50th out of the 55 applications.**
- ☐ The percent of persons living at or below the *Poverty* level is 13.1 percent. **The relative concentration of persons living at or below the Poverty level ranked 32nd out of the 55 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 5th quintile and received 900 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.

The applicant was scored at a level two and received 320 points out of a possible 800 points.

Conclusion: The applicant weakly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The

PER was incomplete and there were some significantly important issues that were not adequately addressed, which raised serious questions regarding the appropriateness of the solution selected by the applicant.

Rationale: The MDOC review engineer noted that the report generally followed the structure of the PER outline, however there were some significantly important issues that were not adequately addressed. An inventory of the homes, their drain field replacement dates, drain field sizing and configurations, loading rates, the incidence of failures, and other supporting data was not provided. Soil profiles and groundwater monitoring data was not provided, which would have allowed a better analysis of other alternatives such as an advanced on-site wastewater treatment system, which may be a more cost effective alternative. The PER did not provide a topographical map showing where evapotranspiration and evapotranspiration absorption systems would not be allowed due to slopes. It did not investigate obtaining an easement on suitable land nearby for individual or shared drain fields.

The team of review engineers agreed that on-site wastewater treatment options should have been considered in the alternative analysis, especially since the wastewater collection systems that were analyzed were all considered to be cost-prohibitive by the applicant.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse effects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level two and received 280 points out of a possible 700 points.

Conclusion: The applicant inadequately demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

Rationale: The District was created in 2000 to address the failing septic systems in the subdivision. As a newly created District, the only revenue source has been a property tax assessment to prepare the PER.

The MDOC review engineer stated that there are no files to review regarding past O&M practices because the District is served by individual wells and individual on-site drain fields.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level one and received 120 points out of a possible 600 points.

Conclusion: The applicant did not demonstrate that the project would enable the local government to obtain funds from sources other than TSEP. The funding package for the proposed project does not appear to be reasonable or viable, since there are major obstacles that could hinder the applicant from obtaining the funds from the proposed funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with an SRF loan. The applicant is not eligible to apply to CDBG because it does not meet the 51percent LMI requirement. Targeted assistance using CDBG was not considered because of the small number of CDBG eligible households. The District does not qualify for RUS grant assistance due to its high MHI. When scoring the project, the TSEP ranking team was informed by RRGL staff that the District was below the funding line; therefore, the funding package does not appear viable.

The MDOC reviewer noted that the proposed project would provide \$20,761 in TSEP assistance per household. The *TSEP Application Guidelines* state that the grant should not exceed \$7,500 per benefited household unless three tests are met. The applicant does not meet the first test, which requires that statutory priority #1 be scored at a level four or five. In addition, the applicant has requested that TSEP consider recommending additional funding beyond the requested amount to make the project more affordable to residents, since the applicant is not eligible under the other grant programs.

The applicant stated that if the District was not successful in obtaining additional grant funds, members would not support user charges at the level that would result from the funding package proposed in the TSEP application. However, most residents would support the project if user rate were approximately \$40 per month. The MDOC reviewer noted that the District would need to receive over 84 percent of the cost of the project in the form of grants in order for the rates to be near \$40 per month. If this additional amount were to be provided solely by TSEP, the program would be providing approximately \$35,000 per household, or a total of over \$800,000.

Since the applicant stated that it is unlikely that the increased user rates would be acceptable with the requested TSEP grant, it does not appear that this project is financially feasible. The only other source of a grant would be STAG funds, but apparently the applicant has not pursued this possibility since it was not discussed.

Statutory Priority #6: Provides long-term, full-time job opportunities for Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level one and received 100 points out of a possible 500 points.

Conclusion: The applicant did not demonstrate that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement to an area that is residential only, and it does not appear to be necessary for providing any job opportunities or business development. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project will not directly result in the creation or retention of jobs, nor will it directly result in a business expansion. The MDOC reviewer noted that the District only serves residential properties.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level one and received 80 points out of a possible 400 points.

Conclusion: The applicant did not demonstrate that the proposed project has the support of the community.

Rationale: The applicant stated that it held meetings on February 6, 2002, and April 14, 2002. The application included copies of the public meeting advertisements, handouts and meeting minutes. A newsletter was also mailed to the residents informing them of the project.

However, the MDOC ranking team did not feel that the members of the District were adequately informed about other technical alternatives that might have decreased the cost of the project and made this project financially feasible. In addition, the applicant stated that if the District was not successful in obtaining additional grant funds, members would not support user charges at the level that would result from the funding package proposed in the application; however, if the user rates were approximately \$40 per month, most residents would support the election. Since it appears that the residents would not agree to the user rates that would occur with the proposed financial package, they would not be in support of the project.

APPENDIX A

TSEP STATUTES

The Treasure State Endowment Program is a state-funded program designed to assist communities in financing public facilities projects. The program was authorized by Montana's voters with the passage of Legislative Referendum 110 on June 2, 1992. The law has been codified as Sections 90-6-701 through 90-6-710, MCA. The Treasure State Endowment Regional Water Fund was created by the 1999 Legislature and has been codified in Section 90-6-715, MCA.

90-6-701. Treasure state endowment program created -- definitions. (1) (a) There is a treasure state endowment program that consists of:

- (i) the treasure state endowment fund established in 17-5-703;
- (ii) the infrastructure portion of the coal severance tax bond program provided for in 17-5-701(2).
- (b) The treasure state endowment program may borrow from the board of investments to provide additional financial assistance for local government infrastructure projects under this part, provided that no part of the loan may be made from retirement funds.

(2) Interest from the treasure state endowment fund and from proceeds of the sale of bonds under 17-5-701(2) may be used to provide financial assistance for local government infrastructure projects under this part and to repay loans from the board of investments.

(3) As used in this part, the following definitions apply:

(a) "Infrastructure projects" means:

- (i) drinking water systems;
- (ii) wastewater treatment;
- (iii) sanitary sewer or storm sewer systems;
- (iv) solid waste disposal and separation systems, including site acquisition, preparation, or monitoring;

or

(v) bridges.

(b) "Local government" means an incorporated city or town, a county, a consolidated local government, a tribal government, or a county or multi-county water, sewer, or solid waste district.

(c) "Treasure state endowment fund" means the coal severance tax infrastructure endowment fund established in 17-5-703(1)(b).

(d) "Treasure state endowment program" means the local government infrastructure investment program established in subsection (1).

(e) "Tribal government" means a federally recognized Indian tribe within the state of Montana.

90-6-702. Purpose. The purpose of the treasure state endowment program is to assist local governments in funding infrastructure projects that will:

- (1) create jobs for Montana residents;
- (2) promote economic growth in Montana by helping to finance the necessary infrastructure;
- (3) encourage local public facility improvements;
- (4) create a partnership between the state and local governments to make necessary public projects affordable;
- (5) support long-term, stable economic growth in Montana;
- (6) protect future generations from undue fiscal burdens caused by financing necessary public works;
- (7) coordinate and improve infrastructure financing by federal, state, local government, and private sources; and
- (8) enhance the quality of life and protect the health, safety, and welfare of Montana citizens.

90-6-703. Types of financial assistance available. (1) The legislature shall provide for and make

available to local governments the following types of financial assistance under this part:

- (a) matching grants for local infrastructure projects;
- (b) annual debt service subsidies on local infrastructure projects; and
- (c) loans from the proceeds of coal severance tax bonds at a subsidized interest rate.

(2) The department of natural resources and conservation and the department of commerce:

(a) may adopt rules to commit to interest rate subsidies for local infrastructure projects and may allow the subsidies to be paid over the life of the loan or bonding period; and

(b) may make deferred loans to local governments for preliminary engineering study costs. The applicant shall repay the loans whether or not the applicant succeeds in obtaining financing for the full project. Repayment may be postponed until the overall construction financing is arranged.

90-6-704 through 90-6-708 reserved.

90-6-709. Agreements with tribal governments. (1) Agreements with tribal governments in Montana entered into under this part must contain, in addition to other appropriate terms and conditions, the following conditions:

(a) a requirement that in the event that a dispute or claim arises under the agreement, state law will govern as to the interpretation and performance of the agreement and that any judicial proceeding concerning the terms of the agreement will be brought in the district court of the first judicial district of the state of Montana;

(b) an express waiver of the tribal government's immunity from suit on any issue specifically arising from the transaction of a loan or grant; and

(c) an express waiver of any right to exhaust tribal remedies signed by the tribal government.

(2) Agreements with tribal governments must be approved by the secretary of the United States department of the interior whenever approval is necessary.

90-6-710. Priorities for projects -- procedure -- rulemaking. (1) The amount of \$425,000 is statutorily appropriated, as provided in 17-7-502, to the department of commerce for each biennium for the period beginning July 1, 2001, and ending June 30, 2005, from the treasure state endowment special revenue account for the purpose of providing communities with grants for engineering work for projects provided for in subsection (3).

(2) The department of commerce must receive proposals for projects from local governments as defined in 90-6-701(3)(b). The department shall work with a local government in preparing cost estimates for a project. In reviewing project proposals, the department may consult with other state agencies with expertise pertinent to the proposal. The department shall prepare and submit a list containing the recommended projects and the recommended form and amount of financial assistance for each project to the governor, prioritized pursuant to subsection (3). The governor shall review the projects recommended by the department and shall submit a list of recommended projects and the recommended financial assistance to the legislature.

(3) In preparing recommendations under subsection (2), preference must be given to infrastructure projects based on the following order of priority:

(a) projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards;

(b) projects that reflect greater need for financial assistance than other projects;

(c) projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;

(d) projects that reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources;

(e) projects that enable local governments to obtain funds from sources other than the funds provided under this part;

(f) projects that provide long-term, full-time job opportunities for Montanans, that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain the tax base or that encourage expansion of the tax base; and

(g) projects that are high local priorities and have strong community support.

- (4) After the review required by subsection (2), the projects must be approved by the legislature.
- (5) The department shall adopt rules necessary to implement the treasure state endowment program.

90-6-715. (Temporary) Special revenue account -- use. (1) The treasure state endowment regional water system special revenue account may be used to provide matching funds to plan and construct regional drinking water systems in Montana. Each state dollar must be matched equally by local funds. Federal and state grants may not be used as a local match.

(2) Up to 25% of the local matching funds required under subsection (1) for the treasure state endowment regional water system may be in the form of debt that was incurred by local government entities included in the regional water system to construct individual drinking water systems before the individual systems were connected to the regional system. However, the amount of an individual entity's debt that may be used for matching funds is limited to the amount necessary to allow the entity to maintain its water service charges below the hardship standard established by the department through administrative rules adopted under 90-6-710(4).

(3) The funds in the account are further restricted to be used to finance regional drinking water systems that supply water to large geographical areas and serve multiple local governments, such as projects in north central Montana, from the waters of the Tiber reservoir, that will provide water for domestic use, industrial use, and stockwater for communities and rural residences that lie south of the Canadian border, west of Havre, north of Dutton, and east of Cut Bank and in northeastern Montana, from the waters of the Missouri River, that will provide water for domestic use, industrial use, and stockwater for communities and rural residences that lie south of the Canadian border, west of the North Dakota border, north of the Missouri River, and east of range 39.

(4) The funds must be administered by the department of commerce for eligible projects. (Terminates June 30, 2016--sec. 1, Ch. 70, L. 2001.)

APPENDIX B

SEVEN STATUTORY PRIORITIES, SCORING CRITERIA, AND SCORING LEVEL DEFINITIONS

TSEP Application Scoring System

The TSEP enabling statute requires MDOC to submit a list of recommended projects for TSEP funding, giving preference according to seven priorities, and to recommend the form and amount of financial assistance for each. In order to evaluate applications, each TSEP applicant is required to submit a narrative as part of its application, which describes the relationship of the proposed project to the TSEP statutory priorities. Each application is assigned points based upon the extent to which the proposed project is consistent with each statutory priority, using five possible point levels, as follows:

The Proposed Project Most Closely Meets the Intent of the Statutory Priority	Maximum Possible Points
	Four-Fifths Possible Points
	Three-Fifths Possible Points
	Two-Fifths Possible Points
The Proposed Project Least Closely Meets the Intent of the Statutory Priority	One-fifth Possible Points

The total number of points assigned to each TSEP application is based upon its cumulative response to the seven statutory priorities for TSEP projects.

Statutory Order of Priority for TSEP Projects

A declining numerical score has been assigned to each succeeding priority to reflect its importance. The TSEP statutory priority and the numerical score for each are listed below, in order of priority.

	<u>Maximum Possible Points</u>
Statutory Priority #1 (Urgent or Serious Health or Safety Problems, or Compliance with State or Federal Standards)	1,000 Points
Statutory Priority #2 (Greater Financial Need)	900 Points
Statutory Priority #3 (Appropriate Design and Long-term Solution)	800 Points
Statutory Priority #4 (Planning and Management of Public Facilities)	700 Points
Statutory Priority #5 (Funds from Other Sources)	600 Points

Governor's Budget

Long-Range Planning Subcommittee
Treasure State Endowment Program 307

Statutory Priority #6 (Long-term, Full-time Jobs, Business Expansion, or Maintenance of Tax Base)	500 Points
Statutory Priority #7 (Community Support)	400 Points
Total	4,900 Points

The Total Maximum Possible Number of Points = 4,900 Points

TSEP Statutory Priorities and Scoring Criteria

The following lists the seven TSEP statutory priorities, along with the major issues that are considered by MDOC in evaluating each applicant's response.

Statutory Priority #1 1,000 Possible Points

Projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards.

- a. Does a serious deficiency exist in a basic or necessary community public facility or service, such as the provision of a safe domestic water supply or does the community lack the facility or service entirely, and will the deficiencies be corrected by the proposed project?
- b. Have serious public health or safety problems that are clearly attributable to a deficiency occurred, or are they likely to occur, such as illness, disease outbreak, substantial property loss, environmental pollution, or safety problems or hazards?
- c. Is the problem existing, continual, and long-term, as opposed to occasional, sporadic, probable or potential?
- d. Is the entire community, or a substantial percentage of the residents of the community, seriously affected by the deficiency, as opposed to a small percentage of the residents?
- e. Is there clear documentation that the current condition of the public facility (or lack of a facility) violates a state or federal health or safety standard (as opposed to a design standard)?
- f. Does the standard that is being violated represent a significant threat to public health or safety?
- g. Is the proposed TSEP project necessary to comply with a court order or a state or federal agency directive?
- h. Are there any reliable and long-term management practices that would reduce the public health or safety problems?
- i. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #2 900 Possible Points

Projects that reflect greater need for financial assistance than other projects.

This priority assesses the applicant's need for financial assistance by examining each applicant's relative financial need compared to other applicants. The financial assessment will determine whether an applicant's need for TSEP assistance is greater than other applicants.

Applicants will be ranked and points awarded, using a computer-assisted financial assessment that makes a comparative analysis of financial indicators. This process is conducted using two competitive ranking indicators that evaluate the relative financial need of each applicant. The analysis for the first indicator is common to all applicants, while the analysis for the second indicator depends on the type of project. Based on an applicant's relative financial need, an applicant can potentially receive up to 900 points.

Statutory Priority #3

800 Possible Points

Projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs.

- a. Does the PER provide all of the information as required by the Uniform PER outline, and did the analysis address the entire system in order to identify all potential deficiencies?
- b. Does the proposed project completely resolve all of the deficiencies identified in the PER? If not, does the proposed project represent a complete component of a long-term master plan for the facility or system, and what deficiencies will remain upon completion of the proposed project?
- c. Are the deficiencies to be addressed through the proposed project the deficiencies identified with the most serious public health or safety problems? If not, explain why the deficiencies to be addressed through the proposed project were selected over those identified with greater public health or safety problems
- d. Were all reasonable alternatives thoroughly considered, and does the technical design proposed for the alternative chosen represent an efficient, appropriate, and cost-effective option for resolving the local public facility need, considering the size and resources of the community, the complexity of the problems addressed, and the cost of the project?
- e. Does the technical design proposed thoroughly address the deficiencies selected to be resolved and provide a reasonably complete, cost-effective and long-term solution?
- f. Are all projected costs and the proposed implementation schedule reasonable and well supported? Are there any apparent technical problems that were not adequately addressed that could delay or prevent the proposed project from being carried out or which could add significantly to project costs?
- g. Have the potential environmental problems been adequately assessed? Are there any apparent environmental problems that were not adequately addressed that could delay or prevent the proposed project from being carried out or which could add significantly to project costs?
- h. For projects involving community drinking water system improvements, has the conversion to a water metering system for individual services been thoroughly analyzed and has the applicant decided to install meters? In those cases where individual service connection meters are not proposed, has the applicant's PER thoroughly analyzed the conversion to a water metering system and persuasively demonstrated that the use of meters is not feasible, appropriate, or cost effective?
- i. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #4

700 Possible Points

Projects that reflect substantial past efforts to ensure sound, effective long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources.

- a. Have there been substantial past efforts to deal with public facilities problems through a long-term commitment to capital improvement planning and budgeting, and if necessary,

- by raising taxes, hook-up charges, user charges or fee schedules to the maximum reasonable extent?
- b. Have reasonable operation and maintenance budgets and practices been maintained over the long-term, including adequate reserves for repair and replacement?
- c. If there are indications that the problem is not of recent origin, or has developed because of inadequate operation and maintenance practices in the past, has the applicant thoroughly explained the circumstances and described the actions that management will take in the future to assure that the problem will not reoccur?
- d. Has the applicant demonstrated a long-term commitment to community planning in order to provide public facilities and services that are adequate and cost effective?
- e. For projects involving drinking water system improvements, has the applicant installed individual service connection meters to encourage conservation and a more equitable assignment of user costs, and has the applicant adopted and implemented a wellhead protection plan for ground water.
- f. Is the proposed project consistent with current plans (such as a local capital improvements plan, growth policy, transportation plan, or any other development-related plan) adopted by the applicant?
- g. In cases where the applicant has received state or federal grants or loans for public facility improvements, did the applicant adequately perform its project management responsibilities as required by the funding programs?
- h. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #5

600 Possible Points

Projects that enable local governments to obtain funds from sources other than TSEP.

- a. Has the applicant made serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate public or private sources, to finance or assist in financing the proposed project?
- b. How viable is the proposed funding package
- c. Is TSEP's participation in the proposed project essential to obtaining funds from sources other than TSEP?
- d. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #6

500 Possible Points

Projects that provide long-term, full-time job opportunities for Montanans, that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain or encourage expansion of the tax base.

- a. Will the proposed TSEP project directly result in the creation or retention of a substantial number of long-term, full-time jobs for Montanans?
- b. Will the proposed TSEP project directly result in a business expansion? Is the business expansion dependent upon the proposed project in order to proceed?
- c. Has the applicant provided a business plan for the specific firm(s) to be expanded as a result of the proposed TSEP project? If yes, is it a realistic, well-reasoned business expansion proposal and does it clearly demonstrate that the firm to be assisted by the proposed public facilities has a high potential for financial success if TSEP funds are received?
- d. Will the proposed TSEP project maintain or encourage expansion of the private property tax base?

- e. In situations where a private sector alternative could be reasonably appropriate and capable of providing a long-term, cost-effective solution, did the applicant seriously evaluate the option of utilizing the private sector to resolve the identified public facility problem?
- f. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #7

400 Possible Points

Projects that are high local priorities and have strong community support.

- a. Has the applicant encouraged active citizen participation, including at least one public hearing or meeting held not more than 12 months prior to the date of the application, to discuss the proposed TSEP project with the affected community residents?
- b. Has the applicant informed local citizens and affected property owners of the estimated cost per household of any anticipated increases in taxes, special assessments, or user charges that would result from the proposed project?
- c. Has the applicant assessed its public facility needs, established priorities for dealing with those needs through an officially adopted capital improvements plan (or other comparable plan), and is the proposed TSEP project a high priority of that plan?
- d. Are the local citizens and affected property owners in support of the project?
- e. Is there any other pertinent information that might influence the scoring of this statutory priority?

Scoring Level Definitions

Note: There are numerous variables involved in scoring each of the seven statutory priorities. As a result, the point level ultimately assigned may have been higher or lower than what the scoring level definitions would typically suggest.

Statutory Priority #1 - Projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards.

- Level 1 The Applicant did not demonstrate that it has a deficiency in its (*type*) system that could seriously affect the public's health and safety.
 - ☐ Typically, this level is assigned when the applicant does not submit the required preliminary engineering information that would allow the TSEP staff to adequately evaluate the needs of the system.
 - ☐ This level may also be assigned when the applicant was unable to document a serious or credible threat to public health and safety or the environment. The claimed deficiency may be related to routine operations and maintenance issues.
- Level 2 The Applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in its (*type*) system may potentially occur at some point in the future if the deficiencies are not corrected. The deficiencies, and associated potential public health and safety problems, are not considered to pose a serious threat to public health or safety.
 - ☐ This level may also be assigned if the applicant has not adequately shown that the deficiencies, which would otherwise be scored at a higher level, would be resolved.

- Level 3 The Applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in its (type) system are likely to occur in the long-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence after chronic exposure, and a moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact.
- Level 4 The Applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in its (type) system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.
- Level 5 The Applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in its (type) system have occurred or are considered to be imminent. These serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

Statutory Priority #2 – Projects that reflect greater need for financial assistance than other projects.

This priority will be automatically scored using a computer analysis that is based on predetermined parameters. However for some types of projects, such as bridge projects, that are not analyzed using the automated target rate analysis, the point level scores for the second financial indicator are manually inserted into the automated analysis after being assigned by the TSEP ranking team.

Statutory Priority #3 - Projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs.

- Level 1 The Applicant did not demonstrate that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The application did not provide sufficient information to properly review the proposed project. Either the preliminary engineering report was not submitted with the application, or if it was submitted, did not address numerous critical issues needed to evaluate the project proposed by the Applicant.
- Level 2 The Applicant weakly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The preliminary engineering report was incomplete and there were some significantly important issues that were not adequately addressed, which raised serious questions regarding the appropriateness of the solution selected by the Applicant.
- Level 3 The Applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. While the preliminary engineering report is generally complete, there were some potentially important issues that were not adequately addressed. However, it does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the Applicant.
- Level 4 The Applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The preliminary engineering report is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the

Applicant.

Level 5 The Applicant clearly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were no issues of any significance that were not adequately addressed.

Statutory Priority #4 - Projects that reflect substantial past efforts to ensure sound, effective long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources.

Level 1 The applicant did not demonstrate that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, or to resolve its infrastructure problems with local resources.

- ☐ Typically, this level is assigned if the current condition of the system is attributable to grossly inadequate operation and maintenance budgets and poor maintenance practices, and, as a result, has not maintained the system in proper working condition. In addition, the applicant has not adequately taken advantage of other measures that could have improved the situation of the system.

Level 2 The applicant inadequately demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

- ☐ Typically, this level is assigned if the applicant appears to have had inadequate operation and maintenance budgets and practices, which have contributed to the deficiencies that will be resolved by the proposed project. In addition, the applicant has not adequately described how it will ensure that these practices will not be continued.
- ☐ Typically, this level is assigned if the applicant has not taken advantage of the various types of planning tools available, such as a capital improvement plan, or the proposed project does not appear to be consistent with the goals and objectives of adopted plans.

Level 3 The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

- ☐ Typically, the applicant has had reasonable operation and maintenance budgets and practices, and has generally attempted to maintain the system in proper working condition.
- ☐ This level may also be assigned if the applicant appears to have had inadequate operation and maintenance budgets and practices, but has clearly described how it will ensure that these practices will not be continued. This would especially apply in situations when County Water and Sewer Districts have been formed to take over the operation of an existing private system or a system operated by a county through an RSID. However, the applicant must clearly demonstrate that the problems are not likely to reoccur.
- ☐ Typically, this level is assigned when the applicant has only recently started to utilize some of the various types of planning tools available, such as a capital improvement plan, and the proposed project promotes the goals and objectives of those plans.

- Level 4 The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.
- ☐ Typically, the applicant has had good operation and maintenance budgets and practices, and has generally maintained the system in proper working condition.
 - ☐ Typically, this level is assigned when the applicant has also utilized one or more of the various types of planning tools available, such as a capital improvement plan, for a minimum of two years, and the proposed project promotes the goals and objectives of those plans.

- Level 5 The applicant conclusively demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.
- ☐ Typically, the applicant has had good operation and maintenance budgets and practices, and has generally maintained the system in proper working condition.
 - ☐ Typically, this level is assigned when the applicant has also utilized multiple forms of the various types of planning tools available, such as a capital improvement plan, for many years, and the proposed project promotes the goals and objectives of those plans.

Statutory Priority #5 - Projects that enable local governments to obtain funds from sources other than TSEP.

- Level 1 The applicant did not demonstrate that the project would enable the local government to obtain funds from sources other than TSEP. The funding package for the proposed project does not appear to be reasonable or viable, since there are major obstacles that could hinder the applicant from obtaining the funds from the proposed funding sources.
- ☐ Typically, this level is assigned when the applicant does not submit the required financial information that would allow the TSEP staff to adequately evaluate the funding package.
 - ☐ This level is also assigned if the funding package does not appear to be viable and it is unclear how the project could move forward.
- Level 2 The applicant inadequately demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated limited efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project appears to have problems and may not be viable. There are potentially major obstacles that would hinder the applicant from obtaining the funds from the proposed funding sources.
- ☐ Typically, this level is assigned when the applicant's efforts to examine appropriate funding sources was grossly inadequate, and/or the funding package for the proposed project appears to have numerous potential problems that could affect its viability.
- Level 3 The applicant sufficiently demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and

appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

- ☐ Typically, this level is assigned when the applicant appears to have a potentially viable funding package, but has not thoroughly examined all of the appropriate funding sources.

Level 4 The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

- ☐ Typically, this level is assigned when the applicant has thoroughly examined all of the appropriate funding sources, and appears to have a potentially viable funding package.

Level 5 The applicant conclusively demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources. In addition, the applicant adequately documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward.

- ☐ Typically, this level is assigned when the applicant has thoroughly examined all of the appropriate funding sources, appears to have a potentially viable funding package, and it appears that the TSEP funds are vital to the proposed project moving forward. TSEP funding might be considered critical to the project if there are no other reasonable grants or loan sources available to help finance the project. Loans would be considered a reasonable alternative if user rates would still be less than 150 percent of the target rate, or when property taxes levied for bridges are less than .04 percent of the MHI and the total property taxes levied are less than 2.78 percent of the MHI.

Statutory Priority #6 - Projects that provide long-term, full-time job opportunities for Montanans, or that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain or that encourage expansion of the tax base.

Level 1 The applicant did not demonstrate that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement to an area that is residential only, and it does not appear to be necessary for providing any job opportunities or business development. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

- ☐ Typically, this level is assigned when only residential areas are affected and there is no reasonable potential for economic development other than home-based businesses that do not require the improvements to be made in order to continue to operate or to start-up. (If the improvements are required in order for home-based businesses to continue to operate or to start-up, they must be permitted uses within

the residential development. Applicants must clearly demonstrate the necessity for the improvements. These situations will be scored at one of the higher levels based on the specifics of the situation.)

Level 2

The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities (or provide the infrastructure needed for housing that is necessary for an expanding workforce related to a specific business development). The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the (type) system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

- ☐ Typically, this level is assigned when both residential and commercial areas would be indirectly benefited, because the project would not directly benefit any specific businesses or directly result in the retention or creation of new jobs.

Level 3

The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities, and cited various businesses that would benefit by the proposed improvements. However, the applicant did not reasonably demonstrate that the proposed project would directly result in the expansion of a specific business, or the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the (type) system. The proposed improvements should maintain and possibly add to the tax base if any business expansion occurs.

- ☐ Typically, this level is assigned when the proposed project appears to directly benefit specific businesses, but it has not been adequately demonstrated that business expansion or the retention or creation of new jobs will result from the infrastructure improvements or that they are dependent upon the infrastructure improvements.

Level 4

The applicant strongly demonstrated that the proposed project is necessary for economic development. The proposed project would provide the infrastructure necessary for the possible expansion of businesses that would likely have a high potential for financial success. The applicant cited a specific business that would be dependent on the proposed improvements being made and provided sufficient documentation to justify this position. However, the applicant did not provide the detailed documentation, such as a business plan, that would demonstrate the viability of the business and that would verify that the proposed project would be necessary for the expansion of a specific business. The business expansion would likely provide specific long-term, full-time job opportunities for Montanans, other than those related to the construction or operation of the (type) system. The proposed project would add to the tax base if the business expansion occurs.

- ☐ Typically, this level is assigned when the project would directly benefit specific businesses and would likely result in the retention or creation of new jobs with reasonable certainty, and the business expansion or new jobs are clearly dependent upon the proposed project. The applicant must reasonably demonstrate that jobs will be created or retained, or that a business expansion will take place as a result of the infrastructure improvements.

Level 5

The applicant conclusively demonstrated that the proposed project is necessary for

economic development. The proposed project is necessary to provide the infrastructure necessary for businesses that have a high potential for financial success and that would provide long-term, full-time job opportunities for Montanans. The applicant provided business plans describing the expansion of a business(es) and provided documentation supporting the probable creation or retention of long-term, full-time jobs. The business plan persuasively demonstrated the viability of the business proposal and verified that the proposed project would be necessary for the expansion of the business to proceed. The proposed project would very likely add to the tax base.

- ☐ Typically, this level is assigned when the project would unquestionably directly benefit specific businesses, would definitely result in the creation of new jobs or is essential to the retention of existing jobs, the business expansion or jobs are clearly dependent upon the proposed project, and the viability of the business proposal has been clearly demonstrated.

Statutory Priority #7 - Projects that are high local priorities and have strong community support.

- Level 1 The applicant did not demonstrate that the proposed project is a high priority or has the support of the community. The applicant's efforts to inform the public about the project were grossly inadequate.
- ☐ Typically, this level is assigned to applicants that did not hold a public meeting within the 12 months prior to submitting the application, or take other actions to inform the public about the project.
 - ☐ This level may also be assigned if it appears that there is no public support for the project. This may be demonstrated by a high percent of the applicant's constituency being against the project, or when the public has stated that the proposed user rates would not be acceptable.
- Level 2 The applicant inadequately demonstrated that the proposed project is a high priority and has the support of the community. The applicant documented that it held a public hearing or meeting (or the public was reasonably informed about the proposed project in a timely manner), but did not inform the community about the cost of the project and the impact on user rates.
- ☐ Typically, this level is assigned to applicants that held a meeting about the proposed project, but did not adequately document that it informed the public about the estimated costs of the proposed project and the impact per household.
 - ☐ This level may be assigned to an applicant even though there was no public meeting if there is sufficient documentation indicating that the public has been informed to a reasonable extent about the proposed project.
- Level 3 The applicant sufficiently demonstrated that the proposed project is a high priority and has community support. The applicant documented that it held at least one public hearing or meeting, and has sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household.
- ☐ Typically, this level includes applicants that held at least one public meeting to inform the public about the proposed project and its estimated cost and the impact per household.
 - ☐ Applicants may be assigned this or a higher level if there is sufficient documentation showing that the applicant held at least one meeting and there is a reasonable indication that the applicant provided information about the cost of the proposed

project to the public. (This same note also applies to Levels 4 and 5.)

Level 4

The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

- ☐ Typically, this level is assigned to applicants that as a general rule held multiple public meetings to inform the public about the proposed project and its estimated cost and the impact per household, and has taken additional actions to prioritize its needs and inform the public.

Level 5

The applicant conclusively demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its estimated cost and the impact per household. In addition, the applicant provided documentation to show that the project is clearly a high local priority and strongly supported by the public.

- ☐ Typically, this level is assigned to applicants that as a general rule held multiple public meetings to inform the public about the proposed project and its estimated cost and the impact per household. The applicant has taken a variety of actions to prioritize its needs and ensure the public is well informed about the project. This level is only assigned when the applicant has demonstrated that the proposed project is clearly and strongly supported by the community.

APPENDIX C

STATUS OF UNCOMPLETED TSEP PROJECTS THAT WERE PREVIOUSLY APPROPRIATED FUNDING

A complete list of projects that have been awarded TSEP funds since 1993, including projects that have been completed, can be found at the program's Internet site http://commerce.state.mt.us/CDD/CDD_TSEP.html.

(Note: Reader may need to refer to glossary of abbreviations on pages 29 and 30)

Projects Approved by the 1993 Legislature

Twenty-four projects were funded with TSEP grants totaling \$4,134,458. All of the projects have been completed and closed-out.

Projects Approved by the 1995 Legislature

Fifteen projects were funded with TSEP grants totaling \$4,991,029.

NAME OF RECIPIENT	East Glacier Park Water and Sewage District (Glacier County)	
PROJECT TYPE	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant/Blackfeet Tribe
	\$ 500,000	TSEP Grant/Browning
	\$ 306,555	TSEP Grant/E. Glacier
	\$ 500,000	CDBG Grant/Browning
	\$ 800,000	Indian CDBG Grant
	\$ 500,000	EDA Grant
	\$ 720,000	EPA Grant
	\$ 1,500,000	Tribal Housing
	\$ 800,000	Indian Health Services
	\$ 100,000	RUS Grant
	<u>\$ 6,279,234</u>	RUS Loan
TOTAL	\$12,505,789	

PROJECT SUMMARY: The district provides drinking water to approximately 400 people in Glacier County from an unfiltered surface water source. The district is under a DEQ boil order and is required to install water treatment facilities by 1996. The project, as originally proposed, was to include the construction of a surface water treatment plant.

PROJECT STATUS: The scope of the project has been modified, whereby the district and the Town of Browning would receive water from a new water treatment plant being constructed by the Blackfeet Tribe. The funding for this treatment plant and transmission mains include the funds provided to East Glacier. See Projects Approved by the 2001 Legislature – Blackfeet/Browning, on page 327.

NAME OF RECIPIENT	Hill County Water District	
PROJECT TYPE	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 250,000	Local Funds

	\$ 400,000	RRGL Loan
TOTAL	\$1,150,000	

PROJECT SUMMARY: The district provides water service to 717 households located within an area stretching from just west of Havre to Joplin. Under EPA rules, the district must treat all water drawn from its Fresno reservoir surface water supply. The DEQ had originally given the district until the Fall of 1995, to comply with this requirement. That deadline has been moved back by DEQ in order to see whether a regional water system would be built. Major elements of the project, as originally proposed, would include property acquisition, construction of a water treatment facility, and construction of new water lines.

PROJECT STATUS: The district has been waiting to find out whether the federal government would agree to authorize and partially fund the proposed regional water system referred to as the Rock Boy Reservation/North Central Montana Regional Water System. The proposed alternative project would eliminate the need for construction of a water treatment facility at Fresno Reservoir, since the district would be supplied with water from the proposed North Central Montana Regional Water System. Congress finally authorized the project in November 2002, and the regional water authority is now working toward getting funds appropriated for the project.

Projects Approved by the 1997 Legislature

Twenty-two projects were funded with TSEP grants totaling \$9,052,735.

NAME OF RECIPIENT	East Missoula Sewer District (Missoula County)	
PROJECT NAME	New Wastewater System	
FUNDING	\$ 500,000	TSEP Grant
	\$ 100,000	RRGL Grant
	\$ 400,000	CDBG Grants
	\$ 241,835	EPA Grant
	\$ 100,000	Missoula Water Quality District
	\$ 940,000	RUS Grant
	\$2,053,200	RUS Loan
	\$ 80,000	Missoula County
	\$ 101,950	City of Missoula
	<u>\$ 16,067</u>	Local Funds
TOTAL	<u>\$4,533,052</u>	

PROJECT SUMMARY: A high density of substandard individual cesspools and drainage pits were contaminating local drinking water wells resulting in health advisories and a permanent boil order issued by DEQ. The existing on-site wastewater systems also had the potential to adversely impact the Missoula Valley Aquifer and the Clark Fork River. The project, as originally proposed, was to include construction of a wastewater treatment system with a gravity collection service, and land disposal using spray irrigation. However, the project was modified in order to allow the district to connect to the City of Missoula's wastewater system.

PROJECT STATUS: Construction is nearly complete.

NAME OF RECIPIENT	Fort Peck Rural Water/Sewer District (Valley County)	
PROJECT TYPE	New Water System	
FUNDING	\$ 500,000	TSEP Grant
	\$5,800,000	Federal Appropriation
	<u>\$1,519,880</u>	SRF Loan
TOTAL	<u>\$7,819,800</u>	

PROJECT SUMMARY: Residents of the Fort Peck Rural County Water District do not have a central public water system. They have become ill from untreated drinking water; no ongoing monitoring or disinfection of drinking water in private water tanks, cisterns, or home storage facilities; water being contaminated because of storage in individual and unsanitary cisterns. The project, as originally proposed, was to include the construction of a new water treatment plant, water reservoir, intake, booster station, water mains, water service lines, installation of 54 hydrants, and installation of water meters for each residential or commercial hook-up. The scope of the project was modified to allow district to utilize water obtained from the water treatment plant owned by the Town of Fort Peck. The town's water treatment plant was upgraded in the process to increase the plant's capacity to treat water. The system provides water service to Park Grove, Wheeler, Duck Creek, and Cabin neighborhoods; and rural residences within the district's boundaries.

PROJECT STATUS: Construction is complete, however, a certificate of substantial completion has not been issued by the engineer due to problems with the quality of work performed by the contractor.

NAME OF RECIPIENT	Helena
PROJECT TYPE	Wastewater System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$ 1,437,958 City Reserves
	\$ 641,571 City Cash
	<u>\$ 9,320,000</u> SRF Loan
TOTAL	\$11,899,529

PROJECT SUMMARY: The city was not able to meet chronic toxicity requirements, which has been determined to be correlated to effluent ammonia concentration. The activated biofilter (AFB) tower did not provide adequate treatment as designed. Existing secondary treatment limitations and problems identified during plant inspections included instrumentation and hydraulic deficiencies, and sludge disposal. Major elements of the project included replacing the AFB tower with a nitrification process to allow the city to adequately treat ammonia toxicity and other toxicants.

PROJECT STATUS: Construction was completed prior to March 2002; however, the program has not received a certificate of substantial completion or a close out report from the city. \$25,000 is still being retained.

NAME OF RECIPIENT	Judith Gap
PROJECT TYPE	Wastewater System Improvements
FUNDING	\$130,000 TSEP Grant
	\$522,000 RUS Grant
	<u>\$239,300</u> RUS Loan
TOTAL	\$891,300

PROJECT SUMMARY: The town currently discharges raw sewage from two community septic tanks into Stevens Gulch, a state water. The wastewater is receiving little or no treatment before it is discharged. DEQ has cited the town for an illegal sewer discharge and issued a compliance schedule. Major elements of the project included construction of a lined, total retention lagoon.

PROJECT STATUS: Construction was completed in November 2002, and is expected to be conditionally closed-out December 2002.

Projects Approved by the 1999 Legislature

Twenty-eight projects were funded with TSEP grants totaling \$12.3 million.

NAME OF RECIPIENT	Arlee Water and Sewer District (Lake County)	
PROJECT TYPE	New Wastewater System	
FUNDING	\$ 500,000	TSEP Grant
	\$ 500,000	CDBG Grant
	\$ 12,745	DEQ Grant
	\$ 320,000	Salish and Kootenai Tribal Grant
	\$ 11,388	Local Funds
	\$ 742,100	RUS Loan
	<u>\$1,517,800</u>	RUS Grant
TOTAL	\$3,603,983	

PROJECT SUMMARY: Lack of a sewage disposal and/or a public water supply system for the district's lots which are located in close proximity to each other has created the following deficiencies: increasing nitrate contamination in district wells, moratorium on new sewer installation near and in the community by the county, potential for contamination of area wells during time of drought when there is a high demand on the aquifer, and 64 Safe Drinking Water violations in eight public service establishments. Major elements of the project include constructing a wastewater collection and treatment system.

PROJECT STATUS: Final design is complete and construction is anticipated to begin Spring 2003.

NAME OF RECIPIENT	Augusta Water and Sewer District (Lewis and Clark County)	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 500,000	CDBG Grant
	\$ 506,000	SRF Loan
	<u>\$ 37,484</u>	Local Funds
TOTAL	\$1,543,484	

PROJECT SUMMARY: The district's wastewater system is operating under a DEQ recommended moratorium on new hookups since it has several deficiencies including: inadequate in size, lagoon leaks excessively, no MPDES discharge permit even though there is a discharge line, has accumulated 1.5' of sludge, no room for expansion, substandard sewer line extensions, and sewer mains with less than desirable slopes. Major elements of the project included replacing the existing single cell lagoon with a new total retention treatment facility, and replacing substandard sewer main extensions and connections.

PROJECT STATUS: A certificate of substantial completion was issued December 2001. However, the project has not been conditionally closed out because of on-going discussions related to punch-list items and subcontractors collecting on the general contractor's payment bond.

NAME OF RECIPIENT	Big Timber	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 400,000	CDBG Grant
	\$ 92,400	Local Funds
	\$ 389,000	SRF Loan
	\$ 503,206	Mine Impact
	<u>\$ 435,406</u>	STAG Grant
TOTAL	\$2,320,012	

PROJECT SUMMARY: The city's wastewater system has several deficiencies including: the sewage lagoon is severely leaking (70 percent leakage), high nitrates in an observation well, the lagoon's aeration systems are inadequate and cannot properly treat the wastewater, deteriorated sewage collection pipes, and three BOD and TSS violations of the discharge permit prior to 1995, and ten additional violations since 1995. Major elements of the project included constructing a new three cell aerated lagoon, with new hydraulic structures, and a new synthetic lagoon liner. The project also included constructing lift stations to state standards and setting priorities for replacement of sewer lines.

PROJECT STATUS: A certificate of substantial completion was issued December 2001. The project has not been conditionally closed out because of the city wanted to wait until the 11-month inspection, which will occur December 2002.

NAME OF RECIPIENT	Boulder
PROJECT TYPE	Water System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$ 400,000 CDBG Grant
	\$ 100,000 RRGL Grant
	\$1,294,000 SRF Loan
	<u>\$ 10,000</u> Local Funds
TOTAL	\$2,304,000

PROJECT SUMMARY: Boulder's water system has the following deficiencies: drinking water exceeds the standards of the EPA Lead and Copper Rule, deteriorated steel distribution mains lose 40 percent of the pumped water due to leakage resulting in summer water shortages, undersized distribution mains result in inadequate fire flows, the system cannot accurately measure total water usage, and dead end distribution mains. Major elements of the project included the replacement of approximately 30,000' of distribution main and gate valves, hydrants, fittings, and service lines, and installing water meters at each well so the town can accurately measure the system's total usage. The project, as originally proposed, was also supposed to include the installation of corrosion control treatment equipment at each well.

PROJECT STATUS: The project has been completed with the exception of the corrosion control. The department withheld \$180,000 of the TSEP funds to provide funds to add the corrosion control equipment if the town could not demonstrate to DEQ that it is not required. As of November 2002, the town was still not in compliance, and attempts by DEQ to resolve the issue have been ignored by the town.

NAME OF RECIPIENT	Chester
PROJECT TYPE	Water System Improvements
FUNDING	\$ 220,150 TSEP Grant
	\$ 34,500 Local Funds
	<u>\$ 348,000</u> EDA Grant
TOTAL	\$ 602,650

PROJECT SUMMARY: The town's water system has several deficiencies including: no control system for the water treatment plan, inadequate water pressure (less than 20 psi) and inadequate fire protection, dead end and undersized mains, health hazards from possible reverse flows, portions of the distribution system are prone to freeze-ups, and water service connections made of lead. Major elements of the project included replacing inadequate water mains and service connections, constructing water hydrants, and installing a control system at the water treatment plant.

PROJECT STATUS: Project is completed and is expected to be conditionally closed out in January 2003.

NAME OF RECIPIENT	Cut Bank
PROJECT TYPE	Water System Improvements
FUNDING	\$ 500,000 TSEP Grant

	\$ 100,000	RRGL Grant
	\$2,304,000	RUS Grant/Loan
	<u>\$ 22,500</u>	Local Funds
TOTAL	\$2,926,500	

PROJECT SUMMARY: The city's water system deficiencies include: at least one intake pipe is plugged and one is broken leaving only one pipe to collect water for the city; no raw water storage to provide uninterrupted clean water when agricultural waste upstream from Cut Bank is washed into the creek and contaminates the city's source of water; one part of the distribution system has undersized water lines resulting in very low water pressure and nearly non-existent fire flows during irrigation season; a one million gallon reinforced concrete water storage tank is deteriorating and is in danger of the roof collapsing; a one million gallon steel standpipe has features that cause extremely low water pressure in the "booster district;" and a severely deteriorated distribution system. Major elements of the project include constructing a 63 million gallon raw water reservoir, rehabilitating the intake structure, replacing the existing treatment plant clarifier, providing standby power, updating plant controls, constructing upper loop distribution main, constructing a new concrete tank and rehabilitating the existing one, rehabilitating the booster station and repairing the standpipe.

PROJECT STATUS: The project was split into two phases and the first phase has been completed. Start-up conditions have not been completed; however, the city is expected to receive RUS funds in 2003 to help fund phase 2, which TSEP will participate in. Phase 2 includes the raw water reservoir and the water pump station.

NAME OF RECIPIENT	Ekalaka
PROJECT TYPE	Wastewater System Improvements
FUNDING	\$ 87,200 TSEP Grant
	\$ 65,400 RUS Grant
	\$ 21,800 RUS Loan
	<u>\$ 4,000</u> Local Funds
TOTAL	\$ 178,400

PROJECT SUMMARY: The town's wastewater collection system has two main deficiencies including: a shallow sewer main over a culvert pipe that freezes resulting in raw sewage backing up into residential basements and a section of sewer main that is very flat and has displaced joints that results in plugging and raw sewage backing up into residential basements. Major elements of the project include replacing 1,872' of sewer main.

PROJECT STATUS: The project as originally proposed is stalled. The town requested that the original scope of the project be changed, but was advised that only the Legislature could approve a major change in the scope of the project. The town submitted a new grant application in order to pursue funding for the revised project and is waiting the decision of the 2003 Legislature. See page 14 for more information about the town's request, and page 208 to review the scoring of the new TSEP application (project #36).

NAME OF RECIPIENT	Geraldine
PROJECT TYPE	Wastewater System Improvements
FUNDING	\$ 300,000 TSEP Grant
	\$ 315,346 CDBG Grant
	\$ 50,000 RRGL Grant
	\$ 113,000 SRF Loan
	<u>\$ 5,717</u> Local Funds
TOTAL	\$ 784,063

PROJECT SUMMARY: Geraldine's wastewater treatment system has the following deficiencies: inadequate lagoon volume, lagoon has severe erosion along interior dikes, discharge structure is

deteriorated beyond simple repair, no primary flow measuring device, lagoon operation and performance limited by having only a single cell facility, a significant volume of sludge has accumulated in the treatment cells which is adversely affecting the treatment process, and fencing is needed to prevent access to the site by the public. Major elements of the project included constructing an additional treatment cell and installing a wind-driven mixer, new piping and discharge structures, rehabilitating an existing cell including removal of sludge, restoring dike slopes and installing a synthetic liner. A video inspection program involving cleaning, video taping and a summary report was also completed to assist in the implementation of Phase II of the town's CIP to address long-term wastewater collection needs.

PROJECT STATUS: Construction was completed in October 2002, and is expected to be conditionally closed out in January 2003.

NAME OF RECIPIENT	Helena	
PROJECT TYPE	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$1,250,000	SRF Loan
	<u>\$3,074,438</u>	Local Funds
TOTAL	\$4,824,438	

PROJECT SUMMARY: The city's water system has several deficiencies including: water distribution improvements are needed on the east side of the city, inadequate water storage prevents new development and limits water use on the east side of the city, and fire flow improvements are needed. Major elements of the project included constructing a new pumping and distribution network, a new reservoir on the east side of the city, and a new clear well and pumping station to address inadequate fire flows and water pressures on the east side of the city.

PROJECT STATUS: Construction was completed in August 2002, and the program is waiting for the project to be conditionally closed out.

NAME OF RECIPIENT	La Casa Grande Water and Sewer District (Lewis and Clark County)	
PROJECT TYPE	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 100,000	RRGL Grant
	<u>\$ 650,000</u>	SRF Loan
TOTAL	\$1,250,000	

PROJECT SUMMARY: The existing water system is owned and operated by a private company. The district has not been able to negotiate an agreement with the owner of the existing system either to improve the system or to transfer ownership of the system to the district. The private water system has the following deficiencies: fire protection is at a minimum. The local volunteer fire department does not recognize the current water system as a useable source for fire suppression due to low water pressure, the four wells currently being utilized provide an inadequate water supply to satisfy water use demands, and lack of water prevents lawns from being irrigated to mitigate the lead contamination from the ASARCO lead smelter, thus creating a potential adverse health impact to children. Major elements of the project include constructing a new water storage tank, fire hydrants, water mains, and water services.

PROJECT STATUS: Construction bids were solicited in October 2002. As a result of high bids, the water mains and services are to be re-bid, but the other elements of the project have been awarded.

NAME OF RECIPIENT	Philipsburg	
PROJECT TYPE	Water System Improvements	
FUNDING	\$ 121,900	TSEP Grant
	\$ 407,496	CDBG Grants
	<u>\$ 344,123</u>	Local Funds

	\$ 241,000	SRF Loan
TOTAL	<u>\$1,114,519</u>	

PROJECT SUMMARY: Philipsburg's only water source, Fred Burr Lake, has highly corrosive water which results in high levels of both lead and copper in the water distribution system, in violation of the EPA Lead and Copper Rule. The major elements of the project include developing a well to blend groundwater with the water from Fred Burr Lake in order to accomplish a reduction of lead and copper levels in the distribution system. The new groundwater well will also provide the town with a backup water source, in the event the Fred Burr Lake water supply is interrupted or if the town's waiver for filtration of a surface water supply is lost.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Rae Water and Sewer District (Gallatin County)	
PROJECT TYPE	Wastewater Treatment System	
FUNDING	\$ 485,850	TSEP Grant
	\$ 517,340	Local Funds
	\$ 372,927	CDBG Grant
	\$ 100,000	RRGL Grant
	\$ 550,000	RUS Grant
	<u>\$ 400,000</u>	RUS Loan
TOTAL	<u>\$2,426,177</u>	

PROJECT SUMMARY: The district has nowhere to discharge its wastewater effluent and it has excessive leakage from its lagoons. The major elements of the project include constructing a sequencing batch reactor treatment system with treated water discharged directly to groundwater.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Richland County	
PROJECT TYPE	Bridges	
FUNDING	\$ 181,155	TSEP Grant
	<u>\$ 191,655</u>	Local Funds
TOTAL	<u>\$ 372,810</u>	

PROJECT SUMMARY: Two of the county's bridges do not have the structural capacity to support modern day modes of transportation, including farm and oil field equipment that can weigh up to 40 tons, nor do these structures meet the county's dimensional standards. The major elements of the project included extracting and salvaging the existing substructures in order to preserve their historical significance, and installing new pile supported concrete substructures and pre-cast concrete decks.

PROJECT STATUS: The originally proposed project has been completed, and three other bridges were replaced by the county road crew with funds remaining. Two of the additional bridges were replaced with culverts. The project is expected to be conditionally closed-out in January 2003. Approximately \$23,000 is expected to remain that could be re-allocated to other projects.

NAME OF RECIPIENT	South Hills Water and Sewer District (Yellowstone County)	
PROJECT TYPE	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	<u>\$2,750,000</u>	City of Billings
TOTAL	<u>\$3,250,000</u>	

PROJECT SUMMARY: The South Hills water system has the following deficiencies: noncompliance with the Montana Public Water Supply Act, failure to use approved surface water treatment techniques, and

inadequate water filtration. Major elements of the project, as originally proposed, were to install a membrane filtration plant and disinfection facilities. However, the original scope of the project was modified. Instead of building its own water treatment plant, the district joined with the Cedar Park Water and Sewer District to construct a pipeline that would transport water from the City of Billings water treatment plant. The revised project was strongly encouraged by DEQ and is a better long-term solution. The district has passed the bond resolution needed to finance their portion of the project. Both districts were annexed into the city 2002. The grant was re-assigned to the city, since the city assumed the responsibility for the project and the water system.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Sweetgrass Community Water and Sewer District (Toole County)
PROJECT TYPE	Wastewater System Improvements
FUNDING	\$ 213,000 TSEP Grant
	\$ 260,000 CDBG Grant
	\$ 100,000 RRGL Grant
	\$ 80,000 SRF Loan
	<u>\$ 37,285</u> Toole County/District
TOTAL	\$ 690,285

PROJECT SUMMARY: The wastewater treatment system has the following deficiencies: system has only one treatment lagoon while state standards require a minimum of two, inlet design violates state standards, and seepage rate is in violation of state standard of 6" a year. Major elements of the project include expanding the lagoon system to two cells, adding a new inlet, and relining an existing lagoon cell to prevent leakage.

PROJECT STATUS: Under construction, however, additional funds are required because of increased costs.

NAME OF RECIPIENT	Thompson Falls
PROJECT TYPE	Water System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$ 370,000 RUS Grant
	\$1,301,300 RUS Loan
	\$ 400,000 CDBG Grant
	<u>\$ 100,000</u> RRGL Grant
TOTAL	\$2,671,300

PROJECT SUMMARY: The city's water system has to following deficiencies: a DEQ directive to filter the surface water source, well number two has elevated levels of iron and manganese, inadequate water pressure and fire flows due to undersized water mains and lack of looping, and distribution system has excessive water loss. Major elements of the project include installing an intake structure at the spring, either redeveloping well number two or constructing a new well, evaluating the distribution system for leakage, and replacing water mains to improve fire protection and reduce water loss.

PROJECT STATUS: Construction is nearly complete.

NAME OF RECIPIENT	Willow Creek Sewer District (Gallatin County)
TYPE OF PROJECT	Wastewater System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$ 283,000 RUS Grant
	\$ 250,400 RUS Loan
	<u>\$ 5,000</u> Local Funds
TOTAL	\$1,038,000

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: The treatment system has outgrown the capacity of its treatment system which is now frequently overloaded, raw or partially treated wastewater is discharged from the plant resulting in a built up of sludge in a drainage ditch that leads from the treatment plant to the Jefferson River. Major elements of the project include constructing a lagoon treatment system.

PROJECT STATUS: Only the commitment of RUS funds is needed to complete start up requirements, which expected to be obtained in the near future. The RUS commitment has been delayed because the total project cost was unknown; however, since the district was finally able to purchase land for a lagoon the final cost can now be determined.

Projects Approved by the 2001 Legislature

Thirty-two projects were funded with TSEP grants totaling \$13.67 million.

NAME OF RECIPIENT	Alder Water and Sewer District (Madison Co.)												
TYPE OF PROJECT	Wastewater System												
FUNDING	<table> <tr> <td>\$ 500,000</td><td>TSEP Grant</td></tr> <tr> <td>\$ 500,000</td><td>CDBG Grant</td></tr> <tr> <td>\$ 100,000</td><td>RRGL Grant</td></tr> <tr> <td>\$ 25,000</td><td>Local Funds</td></tr> <tr> <td>\$ 464,500</td><td>RUS Grant</td></tr> <tr> <td><u>\$ 181,000</u></td><td>RUS Loan</td></tr> </table>	\$ 500,000	TSEP Grant	\$ 500,000	CDBG Grant	\$ 100,000	RRGL Grant	\$ 25,000	Local Funds	\$ 464,500	RUS Grant	<u>\$ 181,000</u>	RUS Loan
\$ 500,000	TSEP Grant												
\$ 500,000	CDBG Grant												
\$ 100,000	RRGL Grant												
\$ 25,000	Local Funds												
\$ 464,500	RUS Grant												
<u>\$ 181,000</u>	RUS Loan												
TOTAL	\$1,770,500												

PROJECT SUMMARY: The district lacks a centralized wastewater system and the following problems: the groundwater table rises to within 1' to 4' of the ground surface causing on-site treatment systems to fail, wells have experienced contamination, there is a moratorium on any proposed new on-site systems; those wishing to repair or replace existing failed systems must receive a variance, and several local businesses have been placed under state orders to improve or replace their current wastewater treatment systems or connect to a municipal system that will accept their wastewater. Major elements of the project include abandoning the existing on-site septic tank/drainfield systems and constructing a centralized wastewater system with a conventional gravity collection system, a treatment facility with two facultative storage lagoons, and spray irrigation for discharge in the summer months.

PROJECT STATUS: In final design and construction is expected to begin in Summer 2003.

NAME OF RECIPIENT	Ashland County Water and Sewer District (Rosebud Co.)														
TYPE OF PROJECT	Wastewater System														
FUNDING	<table> <tr> <td>\$ 500,000</td><td>TSEP Grant</td></tr> <tr> <td>\$ 100,000</td><td>RRGL Grant</td></tr> <tr> <td>\$ 385,500</td><td>CDBG Grant</td></tr> <tr> <td>\$ 185,000</td><td>Coal Board Grant</td></tr> <tr> <td>\$ 115,000</td><td>EDA Grant</td></tr> <tr> <td>\$ 116,750</td><td>SRF Loan</td></tr> <tr> <td><u>\$ 28,750</u></td><td>Local Funds</td></tr> </table>	\$ 500,000	TSEP Grant	\$ 100,000	RRGL Grant	\$ 385,500	CDBG Grant	\$ 185,000	Coal Board Grant	\$ 115,000	EDA Grant	\$ 116,750	SRF Loan	<u>\$ 28,750</u>	Local Funds
\$ 500,000	TSEP Grant														
\$ 100,000	RRGL Grant														
\$ 385,500	CDBG Grant														
\$ 185,000	Coal Board Grant														
\$ 115,000	EDA Grant														
\$ 116,750	SRF Loan														
<u>\$ 28,750</u>	Local Funds														
TOTAL	\$1,431,000														

PROJECT SUMMARY: The district lacks a centralized wastewater system and there are measurable impacts to water supplies occurring as a result of contamination from the septic systems. Major elements of the project include constructing a centralized wastewater system utilizing a lagoon treatment system with wetlands for effluent polishing, and infiltration basins for final discharge.

PROJECT STATUS: Final design has been completed and construction is anticipated to begin in Spring 2003.

NAME OF RECIPIENT	Blackfeet Tribe and Browning	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant/Blackfeet Tribe
	\$ 500,000	TSEP Grant/Browning
	\$ 306,555	TSEP Grant/E. Glacier
	\$ 500,000	CDBG Grant/Browning
	\$ 800,000	Indian CDBG Grant
	\$ 500,000	EDA Grant
	\$ 720,000	EPA Grant
	\$ 1,500,000	Tribal Housing
	\$ 800,000	Indian Health Services
	\$ 100,000	RUS Grant
	<u>\$ 6,279,234</u>	RUS Loan
TOTAL	\$12,505,789	

PROJECT SUMMARY: Browning water system has the following deficiencies: limited ground water supply, and high iron and manganese content. East Glacier provides drinking water to approximately 400 people in Glacier County from an unfiltered surface water source, is under a DEQ boil order, and is required to install water treatment facilities. The Blackfeet Tribe joined with these two communities to resolve their problems by providing water to them. Major elements of the project include constructing a treatment plant on Lower Two Medicine Lake, storage, and transmission lines to East Glacier and Browning.

PROJECT STATUS: The contract has been signed, but none of the other start-up conditions have been met. The Tribe has obtained funding commitments from all of the proposed sources of funding. Construction of the intake has begun with RUS funds. TSEP will participate in later phases of the project.

NAME OF RECIPIENT	Charlo Sewer District (Lake Co.)	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 400,000	CDBG Grant
	\$ 110,000	RRGL Grants
	\$ 198,758	RUS Grant
	\$ 258,771	RUS Loan
	<u>\$ 52,500</u>	Local Funds
TOTAL	\$1,520,029	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: the existing cell has inadequate volume, the single cell allows very limited process control or flexibility, the cell banks are eroded, there are no primary measuring devices, the existing lift station cannot pump the required volume at peak flows, an accumulation of 50 years of sludge has decreased the effective volume of the cell, discharges often violate the limits of the current MPDES permit, the current system cannot meet the new ammonia level requirements, and effluent seeps through the cell banks. Major elements of the project include constructing an aerated cell along with constructed wetlands, a new lift station, and replacing the collection main from Charlo to a new lift station.

PROJECT STATUS: A contract has been signed, but none of the other start-up conditions have been met. The district plans to apply to CDBG in January 2003.

NAME OF RECIPIENT	Choteau
TYPE OF PROJECT	Wastewater System Improvements

FUNDING	\$ 500,000	TSEP Grant
	<u>\$1,028,975</u>	SRF Loan
TOTAL	\$1,528,975	

PROJECT SUMMARY: The city's wastewater system has the following deficiencies: the collection system is generally located below the groundwater table, and the old pipe, with open joints in the old clay tile materials, is allowing large quantities of clear water to infiltrate into the system, resulting in surcharging of the sewer, sewage backups, and hydraulic overloading of the treatment system. Major elements of the project include replacing or rehabilitating 21,700' of collection lines, and rehabilitating 45 manholes.

PROJECT STATUS: Construction is nearly complete.

NAME OF RECIPIENT	Essex Water and Sewer District (Flathead Co.)	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 225,000	TSEP Grant
	\$ 50,000	RRGL Grant
	\$ 165,000	EDA Loan
	\$ 307,697	RUS Grant
	\$ 14,595	RUS Loan
	\$ 15,000	Unknown (the TSEP amount awarded was reduced by \$15,000 from the original amount requested)
	<u>\$ 50,000</u>	Local Funds
TOTAL	\$ 827,292	

PROJECT SUMMARY: The district's water system has the following deficiencies: inadequate screening at the intake allows forest debris and mud to enter the system during periods of high run-off, the chlorination facility is sub-standard in terms of ventilation and chlorine segregation, sustained power outages occur frequently, rendering pumping facilities associated with other area water systems inoperable, small diameter distribution mains are buried two feet or less in the ground and freeze frequently in areas where the snow cover is removed for vehicle access, large portion of the transmission main is laid on top of the ground or is covered by 2' or less of forest duff, the cast iron transmission main is deteriorating, and an elevated 40,000 gallon storage tank is aging. Major elements of the project include constructing a deep well in a known productive aquifer, constructing chlorination facilities, replacing the distribution system in public right of way with 4" PVC pipe, connecting all existing services, and constructing a 30,000-gallon storage tank.

PROJECT STATUS: The contract has been signed, but none of the other start-up conditions have been met. The district has not submitted an application to either EDA or RUS. Furthermore, the EDA staff has stated to the TSEP staff that EDA will not be funding this project. The RUS staff has also stated that it would not likely be providing a grant to the district.

NAME OF RECIPIENT	Eureka	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 369,000	TSEP Grant
	\$ 619,999	SRF Loan
	<u>\$ 95,920</u>	Local Funds
TOTAL	\$ 838,000	

PROJECT SUMMARY: The town's water system has the following deficiencies: the infiltration gallery has been classified as Groundwater Under the Direct Influence of Surface Water, leaking distribution lines, undersized distribution lines, inadequate fire flow, and no meters. Major elements of the project include improving the existing deep well, adding chlorine system, constructing a dedicated line from infiltration gallery chlorine feed point to water tank, adding baffles to water tank, adding corrosion control, replacing line from West Ave. to Pinkham Road with 8" PVC, and installing 475 meters.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Florence Water and Sewer District (Ravalli Co.)	
TYPE OF PROJECT	Wastewater System	
FUNDING	\$ 500,000	TSEP Grant
	\$ 500,000	CDBG Grant
	\$ 100,000	RRGL Grant
	\$2,000,000	STAG Grant
	\$1,490,500	RUS Grant
	<u>\$1,864,500</u>	RUS Loan
TOTAL	\$6,455,000	

PROJECT SUMMARY: The district lacks a centralized wastewater system and there is measurable impacts to water supplies occurring as a result of contamination from the septic systems currently being utilized. Major elements of the project include constructing centralized wastewater system lagoon treatment system, utilizing wetlands for effluent polishing, and infiltration basins for final discharge.

PROJECT STATUS: TSEP contract signed, but none of the other start-up conditions have been met. The district is in the process of procuring an engineer for final design. The district has been having problems securing land, but they have been diligently trying to move forward. The district may apply to CDBG in 2003.

NAME OF RECIPIENT	Froid	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 390,600	TSEP Grant
	\$ 434,400	CDBG Grants
	<u>\$ 66,000</u>	SRF Loan
TOTAL	\$ 891,000	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: sewer main plugs resulting in raw sewage backing up into buildings, increased operation and maintenance costs due to current sewer main flushing/cleaning requirements, infiltration/inflow problems, and rising electrical consumption due to lift stations frequently operating to handle the infiltration entering the collection system. Major elements of the project include replacing approximately 9,000' of sewer mains and 31 manholes.

PROJECT STATUS: TSEP contract signed, but none of the other start-up conditions have been met. Construction estimated to begin Fall 2003.

NAME OF RECIPIENT	Gardiner-Park Co. Water and Sewer District	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 398,500	TSEP Grant
	\$ 169,637	SRF Loan
	<u>\$ 230,206</u>	Local Funds
TOTAL	\$ 798,343	

PROJECT SUMMARY: The district's water system has the following deficiencies: inter-connection with a private water system, the connection box has had dead rodents floating in it, water main on Scott Street has only a 3' to 4' of cover, chlorinated water from the Park Tank will overflow before the new spring overflow at the North Tank, and the 4" main on Scott Street does not provide sufficient fire flow or allow hydrants to be placed on this main since the line is too small. Major elements of the project included replacing water mains along Scott Street, adding new hydrants along Scott Street, abandoning the private system and connecting the hotel and bank to the district's system, and adjusting the spring overflow

elevation by lowering it 6" or making it adjustable.

PROJECT STATUS: The project has been completed, and the remaining funds were approved for completing an arsenic pilot study.

NAME OF RECIPIENT	Geraldine
TYPE OF PROJECT	Water System Improvements
FUNDING	\$ 167,460 TSEP Grant
	\$ 100,000 RRGL Grant
	<u>\$ 67,572</u> SRF Loan
TOTAL	\$ 335,032

PROJECT SUMMARY: The town's water system has the following deficiencies: leakage and unaccounted for water loss, no heat during inclement weather, and insufficient chlorination. Major elements of the project include replacing and relocating the chlorination station and installing water meters.

PROJECT STATUS: Construction is nearly complete.

NAME OF RECIPIENT	Havre
TYPE OF PROJECT	Water System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$ 271,500 SRF Loan
	<u>\$ 271,500</u> SRF Loan (SID)
TOTAL	\$1,043,000

PROJECT SUMMARY: The city's water system has the following deficiencies: the South End and Highland Park areas are serviced by one elevated storage tank, a major break in the storage tank main feed line will interrupt water service to 75 percent of the residents, the occasional use of the second water tank causes a change of flow through the water line, the reversal of flow can free oxides that have built up in the pipe, causing the water to temporarily turn black or brown (indication of excess particulate manganese) and occasionally red (indication of excess particulate iron), which is then carried into the homeowner's lines, and several dead-end lines in the area south of the high school in the Heritage Addition and the newly developed subdivisions in the county. Major elements of the project include: extending a 12" water line along the Southern edge of the city, changing the location of some of the existing valves, and looping dead-end lines.

PROJECT STATUS: Contract terminated at the request of the city. Circumstances have resulted in the city canceling the project. TSEP funds are available to be used by other projects awarded funding by the 2001 Legislature.

NAME OF RECIPIENT	Hinsdale Water and Sewer District (Valley Co.)
TYPE OF PROJECT	Wastewater System Improvements
FUNDING	\$ 329,000 TSEP Grant
	\$ 100,000 RRGL Grant
	\$ 169,000 CDBG Grant
	\$ 55,000 SRF Loan
	<u>\$ 8,000</u> Local Funds
TOTAL	\$ 661,000

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: treatment system is 25 years old and beyond its useful life, numerous fecal, BOD, and TSS permit violations, collection pipes are undersized, collection pipes are cracked and have root penetration, collection pipes leak, steel channels that form the walkway around the aeration chamber are rusted through and unsafe, and the

plant's grating and channel supports are corroded. Major elements of the project include constructing a new treatment system adjacent to the existing system, rehabilitating the old system to provide a back-up, and replacing an unspecified amount of collection pipe.

PROJECT STATUS: The project is in final design and construction is anticipated to begin in Summer 2003.

NAME OF RECIPIENT	Hot Springs
TYPE OF PROJECT	Water System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$ 100,000 RRGL Grant
	\$ 263,147 CDBG Grants
	\$ 800,000 RUS Grant
	\$ 975,600 RUS Loan
	<u>\$ 7,000</u> Local Funds
TOTAL	\$2,645,747

PROJECT SUMMARY: The town's water system has the following deficiencies: aging and an inadequate distribution of fire hydrants, 10,600' of undersized distribution mains, leaking distribution lines, old and leaking galvanized service lines, old and breaking cast iron pipe, dead-end mains, inadequate isolation valving, and negative water pressure in some parts of town when using fire hydrants. Major elements of the project include replacing all the galvanized services, replacing 25,700' of cast iron mains with PVC pipe, installing 60 isolation valves, and replacing or adding 55 fire hydrants.

PROJECT STATUS: Final design has been completed and construction is anticipated to begin in 2003.

NAME OF RECIPIENT	Kevin
TYPE OF PROJECT	Wastewater System Improvements
FUNDING	\$ 385,000 TSEP Grant
	\$ 367,332 CDBG Grant
	\$ 8,980 RRGL Planning Grant
	\$ 6,848 MDEQ Grant
	<u>\$ 96,726</u> SRF Loan
TOTAL	\$ 859,886

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: frequent BOD violations, the lift station and wet well have reached the end of their useful life, no backup power source, and ground water is infiltrating into the collection system. Major elements of the project include constructing a new accelerated facultative lagoon facility, removing sludge from the existing lagoons utilizing liquid dredging and land application, disassembling the existing lagoon cells, replacing lift station pumps and motors, rehabilitating the existing wet well, and installing a backup power supply for the lift station.

PROJECT STATUS: In final design and construction is anticipated to begin Spring 2003.

NAME OF RECIPIENT	Lambert Co. Water and Sewer District (Richland Co.)
TYPE OF PROJECT	Wastewater System Improvements
FUNDING	\$ 403,000 TSEP Grant
	\$ 242,450 CDBG Grant
	\$ 100,000 RRGL Grant
	\$ 50,000 Coal Board Grant
	\$ 36,000 SRF Loan
	<u>\$ 25,000</u> Local Funds
TOTAL	\$ 770,000

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: high levels of fluoride, water source fails to meet DEQ requirements regarding source capacity and number of sources, and breakage's in water service connections have allowed coliform bacteria to infiltrate the water system. Major elements of the project include: constructing a new reverse osmosis water treatment facility, drilling a new well, installing water meters, and replacing water service connections.

PROJECT STATUS: TSEP contract is signed, but none of the other start-up conditions have been met. The district has obtained the Coal Board and CDBG grants, but has not decided on the lending source.

NAME OF RECIPIENT	Lavina
TYPE OF PROJECT	Wastewater System Improvements
FUNDING	\$ 483,000 TSEP Grant
	\$ 390,000 CDBG Grant
	<u>\$ 121,000</u> SRF Loan
TOTAL	\$ 994,000

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: substandard and unreliable lift station that causes sewage to back up into residents' crawl spaces and basements, unlined leaking lagoon that results in the local groundwater and the Musselshell River being polluted, the detention capacity of the single cell facultative lagoon is only 94 days for domestic flows and less than 20 days for infiltration-laden flows and does not meet the DEQ standard of a three-cell lagoon, decaying clay tile pipe that allows severe infiltration, treatment facility discharges to the side channel of the Musselshell River, and lift station configuration causes surcharging of several blocks of sewer main each time the pump cycles. Major elements of the project include replacing all gravity collection mains, manholes, and service connections within the zone of groundwater inundation, constructing a new duplex submersible lift station with a back-up gas-fired pump, constructing a lined three-cell facultative lagoon, and installing a discharge pipe to the main channel of the river.

PROJECT STATUS: Construction is nearly complete.

NAME OF RECIPIENT	Lewis and Clark Co.
TYPE OF PROJECT	Bridge System Improvements
FUNDING	\$ 500,000 TSEP Grant
	<u>\$ 538,000</u> Local Funds
TOTAL	\$1,038,000

PROJECT SUMMARY: The county has four bridges (Elk Creek Road Bridge, Smith Creek Road Bridge, Lyons Creek Road Bridge, Sierra Road Bridge) with a variety of deficiencies such as: substandard and deteriorated rails, decks, stringers, floor beams, girders, trusses, and abutments. The project consisted of replacing all four bridges.

PROJECT STATUS: Project is complete and is expected to be conditionally closed out in February 2003.

NAME OF RECIPIENT	Lockwood Water and Sewer District (Yellowstone Co.)
TYPE OF PROJECT	Wastewater System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$3,801,000 EPA Grant
	\$ 100,000 RRGL Grant
	\$4,236,453 RUS Loan
	<u>\$ 51,000</u> Local Funds
TOTAL	\$8,688,453

PROJECT SUMMARY: The district lacks a centralized wastewater system wastewater system and the

following problems: there is a high percentage of drain field failures and limited or no space for replacement fields, with a high potential for groundwater contamination. Major elements of the project include constructing a sanitary sewer collection system for the district. Wastewater would be pumped across the Yellowstone River for treatment and disposal at the City of Billings Wastewater Treatment Plant. The first phase would include construction of the trunk main from the wastewater treatment plant, boring under the Yellowstone River, and extending approximately two miles to Johnson Lane. This would also involve constructing two pumping stations.

PROJECT STATUS: Contract has been signed, but none of the other start-up conditions have been met. The district held a bond election in 2001 that was unsuccessful. The district will hold a new bond election in spring 2003.

NAME OF RECIPIENT	Manhattan
TYPE OF PROJECT	Wastewater System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$ 500,000 CDBG Grant
	\$ 100,000 RRGL Loan
	\$ 779,949 SRF Loan (Phase 1)
	\$ 843,369 SRF Loan (Phase 2)
	<u>\$ 2,750</u> Local Funds
TOTAL	\$2,726,068

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: high groundwater, deteriorated collection lines, gaps in joints of vitrified clay pipes, severe root intrusions in the older collection lines, deteriorated manholes, abandoned flush tanks in collection lines which prevent pipe maintenance, high maintenance requirements associated with repeated line back ups and basement flooding, BOD and fecal coliform violations, excessive seasonal leakage out of treatment cells, inadequate sewage treatment due to hydraulic overloading, inadequate sewage treatment resulting from overloading of the design BOD and TSS, and elevated nitrates in the shallow aquifer in the vicinity of the lagoon. The project consists of two phases. Phase I will be completed with funding from an SRF loan and will ready the project for Phase II improvements. Phase I improvements include: replacing deteriorated collection lines and manholes, removing and disposing of sludge from the lagoons, and land acquisition for waster treatment expansion. Major elements of the Phase II project when TSEP funds would be used include: lining and modifying the existing lagoons into aerated facultative lagoons, and constructing storage and spray irrigation system.

PROJECT STATUS: TSEP has issued a notice to proceed. The project is split into two phases with TSEP helping to finance the second phase. The first phase is completed, and the second phase is under design.

NAME OF RECIPIENT	Nashua
TYPE OF PROJECT	Wastewater System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$ 455,000 CDBG Grant
	\$ 100,000 RRGL Grant
	\$ 238,650 SRF Loan
	<u>\$ 45,000</u> Local Funds
TOTAL	\$1,338,650

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: leaking lagoons that cause accelerated erosion of the bank, insufficient lagoon capacity, lift station overflows into the storm sewer, lack of back-up power causes raw sewage to flow to the Milk River during some power outages or when the system becomes temporarily overloaded, and lagoon bank erosion caused by a combination of seepage from the lagoon through the bank and natural meandering of the Milk River. Major elements of

the project include reconstructing the treatment system to include a lined, three-celled flow through a discharging facultative lagoon, installing new lift-station pumps, and installing a generator at the lift station for back-up power.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Park City/Co. Water and Sewer District (Stillwater Co.)	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 506,000	CDBG Grants (includes a Planning Grant)
	\$ 100,000	RRGL Grant
	\$ 20,000	EPA Grant
	\$ 421,340	SRF Loan
	<u>\$ 144,850</u>	Local Funds
TOTAL	\$1,692,190	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: the lagoon is too small, detention time is insufficient, and system hydraulics are inhibiting treatment capabilities and contributing to water quality permit violations, the lagoon leaks, exceeds ammonia and fecal coliform limits, and the main lift station pump is not isolated from the wetwell, nor does it have an auxiliary power source. Major elements of the project include: constructing a new three-cell aerated lagoon, constructing a new lift station at the treatment site, constructing a 1.2 mile conveyance line directly to the Yellowstone River.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Power/Teton Co. Water and Sewer District	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 425,000	TSEP Grant
	\$ 400,000	SRF Loan
	<u>\$ 100,000</u>	Local Funds
TOTAL	\$ 925,000	

PROJECT SUMMARY: The district's water system has the following deficiencies: treatment plant is outdated and sub-standard, and no back-up treatment system. Major elements of the project include: pilot testing of conventional treatment versus membrane technology to determine the best treatment alternative, and constructing a new treatment plant.

PROJECT STATUS: In final design and construction is anticipated to begin Spring 2003.

NAME OF RECIPIENT	Richland Co.	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	\$ 296,500	TSEP Grant
	<u>\$ 296,500</u>	Local Funds
TOTAL	\$ 593,000	

PROJECT SUMMARY: The county has three timber constructed bridges (West John Berger Bridge, Savage Spillway Bridge, South Cemetery Road Bridge) with a variety of deficiencies. The project consists of replacing all three bridges.

PROJECT STATUS: TSEP has issued a notice to proceed. The county does not anticipate starting these bridges until the bridges funded in 1999 have been completed, since the county is doing the construction.

NAME OF RECIPIENT	Shelby	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 676,500	SRF Loan
	<u>\$ 61,500</u>	Local Funds
TOTAL	\$1,238,000	

PROJECT SUMMARY: The city's water system has the following deficiencies: deteriorating and leaking cast iron and asbestos cement water lines, small lines and line crossings (4") that result in inadequate water volume and pressure that prevent adequate fire flows throughout the city, and fire hydrants that are old and have become faulty or inoperable. Major elements of the project included replacing all 4" and 6" cast iron and asbestos cement lines with 6", 8" and 12" PVC pipe (a total of 12,225'), replacing 45-4" street water line crossings, and replacing 40 faulty fire hydrants and relocating three fire hydrants.

PROJECT STATUS: Project is completed and a conditional closeout of the project is expected in February 2003.

NAME OF RECIPIENT	Stanford	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 100,000	RRGL Grant
	\$ 990,000	RUS Loan
	<u>\$ 16,500</u>	Local Funds
TOTAL	\$1,606,500	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: single cell lagoon design configuration does not meet state design standards and detention time is only 79 days, lagoon is nearly full of sludge, BOD and TSS violations, outlet control provides inadequate control of flow rate and pond level, 70-year old clay sewer pipe is structurally inadequate, has holes and cracks, and is at risk of imminent failure. Major elements of the project include: replacing 2,800' of outfall pipe to the lagoon, replacing 5,800' feet of 8" and 10" diameter sewer trunk lines, removing sludge from the lagoon, and upgrading the lagoon to a three-cell system.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Virginia City	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 100,000	RRGL Grant
	\$ 500,000	CDBG Grant
	\$ 724,000	SRF Loan
	<u>\$ 23,460</u>	Local Funds
TOTAL	\$1,847,460	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: total detention time is only 90 days, current lagoon location does not allow for expansion, treatment ponds rarely discharge to the infiltration cells demonstrating that it is leaking into the groundwater system, BOD loading exceeds state standards, which results in periodic odor problems, lagoon embankments are subject to erosion at the toes of the embankments, and embankments exceed the 3:1 slope requirement. Major elements of the project include: abandoning the current wastewater treatment ponds (de-water, lower embankments, cover bottoms with soil and re-vegetate entire area), constructing a collection system for Nevada City, and constructing two wastewater lagoons for treatment and winter storage, and constructing a spray irrigation system.

PROJECT STATUS: In final design and construction is anticipated to begin in Spring 2003.

NAME OF RECIPIENT	Whitefish
TYPE OF PROJECT	Wastewater System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$ 110,000 RRGL Grants
	\$ 198,530 SRF Loan
	<u>\$ 226,683</u> Local Funds
TOTAL	\$1,035,213

PROJECT SUMMARY: The city's wastewater system has the following deficiencies: the aeration diffusers suffer from frequent fouling, the blowers and some aeration piping are in need of replacement and up-sizing, and heavy sludge accumulations in the lagoons reduce detention times and exert an oxygen demand that takes away available oxygen for wastewater treatment. Major elements of the project include installing new blowers, replacing and up-sizing aeration lines, adding control valves, installing new, fine-bubble diffuser units in all three aeration cells, and removing, de-watering and disposing of accumulated sludge from the treatment basins.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Whitewater Water and Sewer District (Philips Co.)
TYPE OF PROJECT	Wastewater System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$ 236,895 CDBG Grant
	\$ 100,000 RRGL Grant
	\$ 100,000 Local Funds
	<u>\$ 120,000</u> SRF Loan
TOTAL	\$1,056,895

PROJECT SUMMARY: The district lacks a centralized wastewater system and has the following problems: failing septic systems, shallow drinking water wells, high groundwater table, and many of the existing septic systems violate the state requirement of 100' of separation between drain fields and wells. Major elements of the project include: abandoning existing septic systems by draining and filling the tanks with sand, installing a gravity collection system, installing gravity out-fall lines from the collection system to a new central treatment facility (if topography will not permit the use of the gravity flow, a sewer lift station and force main would be installed), and constructing a new central wastewater treatment facility consisting of a total retention lagoon.

PROJECT STATUS: In final design and construction is anticipated to begin Spring 2003.

NAME OF RECIPIENT	Yellowstone Co.
TYPE OF PROJECT	Bridge System Improvements
FUNDING	\$ 300,000 TSEP Grant
	<u>\$ 320,761</u> Local Funds
TOTAL	\$ 620,761

PROJECT SUMMARY: The county has two bridges (Shiloh Road Bridge and South 32nd Street West Bridge) with a variety of deficiencies. The project consists of replacing both bridges.

PROJECT STATUS: Construction on the Shiloh Road Bridge is complete. The final design has been completed on the South 32nd Street West Bridge, and construction is anticipated to begin early in 2003.

APPENDIX D

TSEP PRELIMINARY ENGINEERING GRANTS AWARDED BY THE DEPARTMENT

Name of Applicant	Project Type	TSEP Grant Amount	PER Completed
City of Laurel	Wastewater	\$15,000.00	No
County Water & Sewer District of Ramsay	Water	\$15,000.00	Yes
Town of Ryegate	Water	\$7,000.00	Yes
Charlo Sewer District	Wastewater	\$4,500.00	Yes
City of Hamilton	Water	\$7,500.00	Yes
Pablo/Lake County Water & Sewer District	Wastewater	\$5,750.00	Yes
City of Scobey	Wastewater	\$4,600.00	Yes
Hill County	Bridge	\$14,301.00	Yes
Sheaver's Creek Water & Sewer District	Water	\$6,250.00	Yes
Stillwater County	Bridge	\$14,997.90	Yes
Town of Twin Bridges	Wastewater	\$15,000.00	No
Phillips County (Green Meadow Water Users)	Water	\$10,496.69	Yes
City of Helena	Water/Wastewater/Stormdrain	\$15,000.00	Yes
Worden-Ballantine Yellowstone County Water & Sewer District	Water	\$13,820.98	Yes
Black Eagle Cascade County Water District	Wastewater	\$15,000.00	Yes
Madison County	Bridge	\$13,255.88	Yes
Town of Stanford	Water	\$15,000.00	Yes
Big Arm/Lake County Sewer District	Wastewater	\$14,750.00	Yes
Lewis & Clark County	Bridge	\$9,998.46	Yes
Yellowstone County	Bridge	\$15,000.00	Yes
Blaine County	Bridge	\$15,000.00	Yes
Geyser Judith Basin County Water and Sewer District	Water	\$9,999.38	Yes
Missoula County	Bridge	\$14,873.08	Yes
Sanders County	Bridge	\$15,000.00	No
City of Hardin	Wastewater	\$15,000.00	No
Town of Columbus	Storm Drain	\$4,391.57	Yes
Gallatin County	Bridge	\$13,327.36	Yes
Beaverhead County	Bridge	\$15,000.00	Yes
Meadowlark Water and Sewer District	Wastewater	\$3,500.00	Yes
Town of Dodson	Wastewater	\$5,000.00	No

Sun Prairie Village County Water & Sewer District	Water	\$5,000.00	No
Sweet Grass County	Bridge	\$14,984.06	Yes
City of Columbia Falls	Sewer & Water	\$1,867.29	Yes
City of Lewistown	Wastewater	\$5,000.00	No
Town of Joliet	Wastewater	\$5,000.00	No
Homestead Acres/Cascade Co Water & Sewer District	Water	\$3,885.00	Yes
Pondera County	Bridge	\$14,680.31	Yes
City of Baker	Sewer	\$5,000.00	No
Town of Melstone	Water	\$9,500.00	No
Fergus County	Bridge	\$15,000.00	No

Total Amount Awarded

\$423,228.96

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